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# Broadcasting Aug 7

Vol. 117 No. 6


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Congressional leaders look for new era at FCC—one in which Congress sets

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should be retained, although she believes telcos should be allowed to offer video transmission services as common carriers.

FCC move follows National Telecommunications and Information Administration report on cable TV regulation recommending telephone companies be allowed to serve as transporters of others' programing, although not as programers themselves, in telcos' own service areas (BROADCASTING, June 20, 1988).

At present, barriers to such BOC cross-ownership include not only FCC regulations and 1984 Cable Act but also modified final judgment issued by U.S. Judge Harold Greene in his supervision of breakup of AT&T. NTIA has petitioned FCC to preempt Greene's regulation of BOC's, arguing that judge is hampering their entry into information services, including cable.

*Duopoly, one-to-a-market*—FCC voted Oct. 27, 1988, to relax duopoly rules to allow closer spacing of commonly owned AM and FM stations, arguing that impact on diversity would be negligible and that it let some broadcasters reap certain economies of scale.

Using same justification, FCC relaxed policy for waivers to one-to-a-market rules Dec. 12, 1988, saying it would look favorably on waiver requests involving top 25 markets with at least 30 broadcast "voices."

*Broadcast-newspaper*—Appropriations bill (H.R. 4782), which was signed into law, includes provision that prevents FCC from reexamining its broadcast-newspaper crossownership rules.

## Direct Broadcast Satellites

FCC commissioners at last minute dropped from July 13 open meeting agenda consideration of latest round of direct-to-home broadcast satellites (DBS) applications. Among related issues on which FCC was expected to rule was proposal to accommodate most applicants by limiting each to half-nation 16-channel services from two orbital slots. Due to spectrum shortage and concentration of requests in only four of eight positions in separate orbital arc, FCC has said such paired assignments may be necessary to achieve efficient use of spectrum. Comments on proposal last January were mixed, with most accepting channel limitation but some requesting that FCC allow full-nation service from single position, at least initially, saying two-satellite cost could make startup too expensive. Petition to deny on antitrust grounds application of Tele-Communications Inc.-owned Tempo Enterprises is also pending.

Calling high-power DBS "dead horse" in U.S., former Hughes Communications president and White House telecommunications expert Clay (Tom) Whitehead said in June 1989 that his company, Orbital Broadcasting, withdrew its application to launch DBS because neither Hollywood nor broadcast networks appear willing to "bypass the increasing MSO bottleneck." Other applicants, including Dominion Satellite Video, disagree, saying narrowcast approach is viable.

Permittees and applicants to launch "true" high-power (200 watt) DBS believe Ku-band birds 10 times more powerful than average C-band birds would mean direct-to-home television reception via downlinks one-tenth size of average C-band dishes. Smaller, more affordable dishes (one meter or smaller in diameter) would then theoretically lead to home satellite market several times size of current two million C-band consumer base. Large and small companies have failed since early 1980's, however, to get high-power Ku-band DBS off ground.

Among applicants proposing to launch services as early as 1992 are Tempo, Hughes Communications, operator of two C-band cable programing satellites, and group broadcaster Hubbard Broadcasting.

## BY THE NUMBERS

**Summary of broadcasting and cable**

**BROADCASTING**

| SERVICE | ON AIR | CP's | TOTAL* |
|---|---|---|---|
| Commercial AM | 4,957 | 261 | 5,218 |
| Commercial FM | 4,210 | 753 | 4,963 |
| Educational FM | 1,398 | 252 | 1,650 |
| ■ Total Radio | 10,565 | 1,266 | 11,831 |
| FM translators | 1,769 | 318 | 2,087 |
| Commercial VHF TV | 547 | 23 | 570 |
| Commercial UHF TV | 527 | 213 | 740 |
| Educational VHF TV | 122 | 5 | 127 |
| Educational UHF TV | 218 | 26 | 244 |
| ■ Total TV | 1,414 | 267[0] | 1,681 |
| VHF LPTV | 300 | 205 | 505 |
| UHF LPTV | 324 | 1,508 | 1,832 |
| ■ Total LPTV | 624 | 1,713 | 2,337 |
| VHF translators | 2,722 | 121 | 2,843 |
| UHF translators | 2,133 | 443 | 2,576 |

**CABLE†**

| | |
|---|---|
| Total subscribers | 50,897,000 |
| Homes passed | 73,900,000 |
| Total systems | 8,000 |
| Household penetration† | 56.4% |
| Pay cable penetration | 29.4% |

* Includes off-air licenses. † Penetration percentages are of TV household universe of 90.4 million. [1] Construction permit. [2] Instructional TV fixed service. [3] Studio-transmitter link.

## High-Definition TV

Richard Wiley, chairman of FCC's advisory committee on advanced television service (ATS), has announced that he will call meeting of transmission system proponents this fall to set testing schedule. Tests are expected to begin in April 1990 at Advanced Television Test Center (ATTC) facility. Current estimates are that about 12 systems from eight proponents will be tested over course of one year, with final system recommendation to be made to FCC in fall 1991.

Five companies have been chosen to receive portion of $30 million in grants Defense Advanced Research Projects Agency (DARPA) has set aside for research and development of new methods to display and process HDTV pictures. Pentagon hopes program will lead to mass production of low-cost, high-resolution screens for consumer and defense applications. DARPA is expected to soon announce more companies to receive grants. There is also proposal before Congress to allocate additional $50 million to DARPA for HDTV project.

On Sept. 1, 1988, FCC tentatively decided to eliminate from standardization consideration transmission systems with continuous 9 mhz channel, incompatible with NTSC sets. Move eliminates possibility of terrestrial standardization of NHK's MUSE-E system. Commission also decided to restrict any possible additional spectrum for advanced television broadcasting to currently allotted VHF and UHF television spectrum. Use of band above 1 ghz for augmentation channels was ruled out.

## Home Satellite

Giving shot in arm to struggling home satellite industry, 100th Congress passed copyright legislation authorizing transmission of

**Sept. 16**—*North Jersey Press Club* meeting. Fairleigh Dickinson University, Teaneck, N.J. Information: (201) 322-8343.

**Sept. 16-19**—Second International Teleproduction Society annual forum. Century Plaza, Los Angeles. Information: (212) 629-3266.

**Sept. 17**—41st annual prime time Emmy awards telecast (on Fox television stations), sponsored by *Academy of Television Arts and Sciences*. Pasadena Civic Auditorium, Pasadena, Calif. Information: (818) 763-2975.

**Sept. 17-19**—*Kentucky Cable TV Association* annual fall convention. Marriott Resort, Lexington, Ky. Information: (502) 864-5352.

**Sept. 17-22**—*American Advertising Federation* second annual advanced advertising management seminar. Northwestern University's James Allen Center, Evanston, Ill.

■ **Sept. 19-20**—*Washington Journalism Center* conference for journalists. "Politics 1990: New Issues, Shifting Strategies, Changing Coalitions." Watergate hotel, Washington. Information: (202) 337-3603.

**Sept. 20**—*National Academy of Television Arts and Sciences, New York chapter*, drop-in luncheon. Speaker: Thomas Burchill, president and CEO, Lifetime Television. Copacabana, New York. Information: (212) 768-7050.

**Sept. 20-22**—Great Lakes Cable Expo, sponsored by *Illinois, Indiana, Michigan and Ohio cable television associations*. Columbus, Ohio. Information: Dixie Russell, (614) 272-0860.

**Sept. 21-22**—39th annual Broadcast Symposium, sponsored by *Institute of Electronic and Electrical Engineers/Broadcast Technology Society*. Hotel Washington, Washington. Information: (202) 429-5346.

**Sept. 22**—*Society of Broadcast Engineers, chapter 22, central New York*, annual regional convention. Convention Center, Sheraton Inn, Syracuse, N.Y.

**Sept. 22-24**—*Maine Association of Broadcasters* annual convention. Marriott hotel, Portland, Maine.

**Sept. 22-27**—Cinetex '89, international film and television festival, market, exposition, conference and film festival, produced in cooperation with *American Film Institute*. Bally's hotel, Las Vegas. Information: (818) 907-7788.

**Sept. 24-26**—*New Jersey Broadcasters Association*-43rd annual convention. Bally's Grand Casino hotel, Atlantic City, N.J. Information: (201) 247-3337.

**Sept. 24-26**—"Building the Winning Team," workshop for major market stations on setting, managing and reaching audience goal, sponsored by *National Public Radio* and *National Federation of Community Broadcasters* with funding from *Corporation for Public Broadcasting*. Seattle. Information: (202) 822-2000.

**Sept. 25**—*Women in Cable, Washington chapter*, annual fall gala commemorating 10th anniversary of WIC with salute to 10 women "who have contributed significantly to the cable television industry." Omni Shoreham hotel, Washington. Information: Lynn Levine, (202) 872-9200.

**Sept. 25-29**—*National Association of Broadcasters* training course for satellite uplink operators. Tyson's Corner Marriott, McLean, Va. Information: (202) 429-5350.

**Sept. 26**—*National Academy of Cable Programming* fourth annual forum. Waldorf Astoria, New York. Information: (202) 775-3611.

**Sept. 26-30**—10th anniversary conference of *Midwest Radio Theater Workshop*, Columbia, Mo. Information: (314) 874-1139.

**Sept. 27**—*Walter Kaitz Foundation* annual awards dinner, this year honoring J. Richard Munro, chairman and CEO, Time Inc. New York Hilton and Towers, New York.

**Sept. 27**—*International Radio and Television Society* newsmaker luncheon. Waldorf-Astoria, New York. Information: (212) 867-6650.

**Sept. 28**—*National Academy of Television Arts and Sciences, New York chapter*, drop-in luncheon. Speaker: David Niles, president, 1125 Productions, on HDTV. Copacabana, New York. Information: (212) 768-7050.

**Sept. 28**—*International Radio & Television Foundation* "reunites deans of electronic journalism: David Brinkley, John Chancellor and Walter Cronkite." Plaza hotel, New York.

**Sept. 28**—*Bay Area Society of Television, Advertising and Radio* second annual auction/dinner/dance. Hotel Nikko, San Francisco. Information: (415) 765-8804.

**Sept. 28**—*Southern California Broadcasters Association* business development seminar. Hyatt on Sunset, Los Angeles. Information: (213) 466-4481.

**Sept. 29**—Deadline for entries for Ohio State Awards program competition honoring excellence in educational, informational and public affairs broadcasting, sponsored by *Institute for Education by Radio-Television, Ohio State University*. Information: Phyllis Madry, (614) 292-0185.

## October

**Oct. 1-3**—*Illinois Broadcaster Association* annual convention. The Abbey, Fontenac, Wis.

**Oct. 1-4**—*Association of National Advertisers* annual convention. Theme: "Critical Issues Facing National Advertisers." Homestead, Hot Springs, Va. Information: (212) 697-5950.

**Oct. 3-5**—*Atlantic Cable Show*. Atlantic City Convention Center, Atlantic City, N.J. Information: (609) 848-1000.

**Oct. 3-8**—World Summit for Electronic Media, organized by *International Telecommunication Union*. Theme: "Towards Global Information: The Electronic Media Explosion." Geneva Exhibition

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porting some relaxation. "I think it is very hard to [say]...what particular companies can do and cannot do in an area that is changing rapidly," explained Sikes.

Barrett said his state supports lifting some of the prohibitions, but he wants to move slowly on the matter. Marshall suggested that Congress give the FCC some "guidance."

Senator John Kerry (D-Mass.) expressed an interest in how the FCC might deal with the migration of sports programing from over-the-air television to cable. Sikes told Kerry there was not "much precedent for dictating to programers how they are to distribute their programing." But he promised to track siphoning developments.

Gore wanted to know what they would do about cable and its "monopoly" power. "I share your concerns about the monopoly power. I would like to study it carefully," replied Marshall. "I hear you, Senator," said Barrett. "We have the same problems in Chicago, I think, that you have stated."

Sikes said he intended to carry out the 1984 Cable Act, which directs the FCC to evaluate the impact of deregulation.

All three candidates were responsive to Hollings's desire to see the U.S. compete with the Japanese in the area of HDTV. "We need a single standard for terrestrial broadcasting, and you are the ones to work that out and position the United States so that we can be in a competitive position with Japan," the chairman said.

Marshall said she believed the FCC, Congress and the executive branch should work together to ensure that "U.S. industry is a leader in the development of HDTV."

The nominees came politically prepared. Sikes was introduced by his long-time friend, Commerce's ranking Republican, John Danforth of Missouri, and by the state's other Republican senator, Kit Bond. Senator Paul Simon (D-Ill.) presented Barrett, and Marshall was endorsed by North Carolina Senators Jesse Helms (Republican) and Terry Sanford (Democrat).

It was expected that the Senate would confirm the nominees late Friday night (Aug. 4) before its August recess. **–KM**

# GAO on cable: rates OK, but industry needs regulation

**At hearing on Hill, Ols says study shows 14% overall subscriber bill increase over two years; statement that medium is monopoly causes furor among NCTA, some congressmen**

It was a good-news, bad-news situation for the cable industry last week when the General Accounting Office released its long-awaited survey on rates before the House Telecommunications Subcommittee.

The good news: The GAO statistics did not provide the ammunition cable critics on Capitol Hill and elsewhere might have hoped for to press their case for reregulating cable or opening it up to competition from the telephone industry. The study showed a 29% increase in basic cable rates over two years and a 14% increase in the overall average subscriber bill.

The bad news: Asked what it all means, the GAO official who presented the study said it showed cable was a monopoly in need of reregulation. "With no competition and limited regulation, I believe we have a monopoly."

And when asked by House Telecommunications Subcommittee Chairman Ed Markey (D-Mass.) about the findings' impact on consumers, GAO's John Ols, associate director for resources, community and economic development, said it was "bad news."

Ols's comments changed the tenor of the hearing. If it were not for his remarks, the hearing would have been a "ho-hummer," said one cable source. National Cable Television Association officials set out to minimize any fallout from Ols's assessment by challenging his authority to speak on behalf of the GAO. "I think the guy went beyond his commission," said NCTA President James Mooney, who also said he thought it was highly unusual for a GAO representative to issue opinions on policy.

NCTA's effort to undercut Ols commenced immediately. During a hearing break, it apparently conferred with Don Ritter (R-Pa.) and Dan Schaefer (R-Colo.), who returned to scold Ols for speaking out of school. "How you can draw the conclusion that there is a need for rate regulation is beyond me," said Ritter.

Schaefer, whose district is home to several cable MSO's, wanted to know why Ols did not include his comment as part of the written report. The GAO executive said he was under tight time constraints and could not, but that in anticipation of the question, he had cleared his answer with the agency's general counsel. "The GAO backs me; I talked with the general counsel," Ols told reporters upon leaving the hearing.

Later, BROADCASTING talked with GAO spokesman Cleve Corlett, who said Ols "obviously speaks for the GAO." NCTA also said Ols was quoted in *Newsday* saying he was "mad because his cable operator raised his rates."

And Milton Socolar, special assistant to the comptroller general, told BROADCASTING that Ols "certainly represents GAO in an official capacity," but that he gave his "personal view." Nevertheless, Socolar did not consider Ols's remarks "off the wall" and said, "This is an area that bears looking at."

Despite the uproar over whether Ols was out of line, one cable source felt the hearing was "inconclusive." As Markey pointed out, there are still some outstanding questions, and he has asked GAO for a second study.

Markey wants some answers. It is uncertain, he said, whether the rate increases over the past two years were one-time adjustments or reflect a continuing trend. "It is unclear what role increased capital costs, increased programing costs and increased advertising revenues have played." Plus,

## GAO cable TV tally

The bottom line on the General Accounting Office's survey of cable system's rate hikes was that the "lowest priced" basic service rose 29% over a 23-month period (Dec. 1, 1986-Oct. 31, 1988). But there was plenty above the line for cable and its critics to ponder.

The survey also found that rates for the "most popular" basic service jumped 26%. The GAO distinguished two classes of basic service because a quarter of the systems surveyed offered more than one tier of basic, and the lower priced service on those systems was not always the most popular.

The survey's other key finding was that revenue per subscriber—which, the GAO said, is "roughly analogous" to a subscriber's monthly bill—increased just 14%, from $21.58 to $24.68. The revenue per subscriber did not rise as fast as basic rates because it factors in the the price of pay services and other services (second-set hookups and remote control). The survey found that pay services actually dropped slightly, with no individual or combination of pay decreasing by more than 5%.

The GAO sent questionnaires to 1,950 randomly selected cable systems in five size groupings (see chart). After several follow-ups, the GAO compiled responses from 1,450.

| | Lowest priced basic service (average charge/sub.) | | | Most popular basic service (average charge/sub.) | | | Average monthly revenue | | |
|---|---|---|---|---|---|---|---|---|---|
| Cable system | 1986 | 1988 | % change | 1986 | 1988 | % change | 1986 | 1988 | % change |
| **Very small (up to 1,000)** | $11.07 | $13.72 | 23.9 | $11.30 | $13.91 | 23.1 | $17.61 | $20.1 | 14.1 |
| **Small (1,001–3,500)** | 10.91 | 13.86 | 27.0 | 11.20 | 14.16 | 26.4 | 18.26 | 21.46 | 17.5 |
| **Medium (3,501–10,000)** | 10.65 | 14.01 | 31.5 | 10.96 | 14.10 | 28.6 | 19.03 | 22.32 | 17.3 |
| **Large (10,001–50,000)** | 11.13 | 14.53 | 30.5 | 11.58 | 14.87 | 28.4 | 21.30 | 25.06 | 17.7 |
| **Very large (50,001 +)** | 11.72 | 14.94 | 27.5 | 12.31 | 15.17 | 23.2 | 23.72 | 26.28 | 10.8 |
| **All systems** | 11.23 | 14.48 | **28.9** | 11.70 | 14.77 | **26.2** | 21.58 | 24.68 | **14.4** |

GAO's Ols testifies

Chairman Markey confers with Continental Cablevision's Hostetter

NCTA's Mooney testifies

he added, it was uncertain whether rate increases were linked to the increasing number of systems that have changed ownership over the past two years.

As for the study itself, Markey cited several "worrisome statistics." He was troubled by the finding that 17.6% of cable subscribers incurred a rate increase of more than 50%, "with more than one in four cable subscribers incurring a more than 40% rate increase."

But he also made it clear that the results were not "uniformly gloomy." It appears, he said, that a majority of cable operators have been "responsible and fair in establishing basic cable rates in the years since deregulation."

NCTA's Mooney told lawmakers that cable subscribers are getting "a lot more for their money than was the case even three years ago." GAO, he said, says the average number of basic channels rose from 27 in 1986 to 32 by the end of 1988. "And, in terms of cost to the consumer per channel, the GAO numbers say that cost to the consumer has stayed almost flat, going from 44 cents per channel in 1986 to 46 cents per channel in 1988."

Prior to deregulation, cable prices ran 72% behind the consumer price index, Mooney said, noting that even now the average basic rate "is still $1.77 below what the 1972 basic rate would be today if it simply had kept pace with inflation."

There has also been a "dramatic" improvement in cable programing, said Mooney. "This is a direct result of a 66% increase in basic programing expenditures by operators" over the past two years, he said.

"Basic cable remains a good buy for the average family—32 channels of service for $14.77 a month, about 50 cents a day and less than it costs to take the family out to the movies for just one evening," stated the NCTA president.

Amos B. Hostetter, chairman and chief executive officer of Continental Cablevision, a Boston-based MSO, summed up his testimony by stressing that the GAO study clearly shows that the average subscriber's bill rose 14%. "That to me is not justification for a return to regulation."

Richard Plunkett, president of Fairmont Cable, Fairmont, Minn., spoke on behalf of the Community Antenna Television Association. Plunkett characterized the GAO's findings as "fair and accurate."

Cable critics Rick Boucher (D-Va.) and Jim Cooper (D-Tenn.) cited problems with the report. Boucher was troubled by the response rate. He felt the 25% of systems that did not respond were likely to have raised their rates far higher than the reporting systems. Cooper complained about the "secrecy" involved. "Cable rates should be public. How can we check the honesty of the response?" he asked.

Eighteen of the subcommittee's 26 members were in and out of the hearing. Some vented their frustrations with cable. Ron Wyden (D-Ore.) wants to do something about the trafficking in cable systems. (Hostetter told Markey he thought it was "appropriate" to look at the trafficking issue.)

Tom Tauke (R-Iowa) called on the subcommittee to look at the issue of sports events migrating from over-the-air television to cable. "Cable, walks, quacks and looks like a monopoly," said Al Swift (D-Wash.).

But there were also those members who defended cable. Thomas Bliley (R-Va.) said he has heard no complaints from his constituency over rates. Oxley said it was his sense that subscribers are satisfied. Bill Richardson (D-N.M.) said he did not see the evidence that cable is a monopoly.

The hearing also gave city officials and cable regulators an opportunity to discuss the survey. Richard Kessel, New York State Consumer Protection Board, said cable television deregulation has "been a disaster" for consumers. Fort Worth Mayor Robert Bolen, on behalf of the U.S. Conference of Mayors, said the GAO study demonstrates what cities have argued all along: "Cable operators are using their monopolistic powers to unfairly charge consumers." Steve Abrams, council member from Rockville, Md., representing the National League of Cities, recommended an "overhaul and rewrite" of the Cable Act. And Peter Pratt, director of telecommunications, Somerville, Mass., who appeared for the National Association of Telecommunications Officers and Advisors, told the subcommittee that the eight communities north of Boston served by Warner Cable have seen average subscriber increases of 81% since 1983, an annualized increase of 13%. –KM

# News service planned by Conus, Viacom

Hubbard Broadcasting's Conus Communications and Viacom Network Enterprises announced plans last week to launch a 24-hour news service for TVRO subscribers that will also be available to local broadcasters. The 50-50 joint venture will be based in Minneapolis and provide sports, weather and domestic and international news patterned after an all-news radio wheel. VNE President Ron Bernard said the 30-minute wheels will be repeated six times a day. The network will be taped and fed over Satcom 2R, but Bernard said it will have the capability for live cut-ins, or more frequent updates of material, when needed.

The service is scheduled to be launched in November and will be available free to TVRO subscribers. By January, the signal will be scrambled and available to TVRO subscribers for an as yet unannounced fee. Bernard said the service will be part of Showtime's TVRO package and the price would be competitive. The service will also be available to TVRO homes on a stand-alone basis. Broadcasters will be able to purchase the service in part or in whole, with independent stations among likely candidates, said Bernard. No cost structure was released.

Bernard declined to discuss budgets, although he said the operation would employ 35 to 40 people. Conus will maintain editorial control over the service, he said. Bernard said costs will be borne equally. He said it has not been determined who will handle advertising sales. □

# Mixed reactions to violence standards plan

**Networks oppose congressional idea of industry guidelines on programing; some producers think the idea is one whose time has come**

Reacting to efforts by Congress to get the entertainment industry to develop a set of guidelines addressing violence, and possibly sex and drug abuse in TV programing (see page 69), broadcast and cable network executives questioned the need for such guidelines, citing the separate policies they have in place.

Some producers agreed that current standards, and the give and take between program producers and networks, provide adequate checks and balances for what gets on the air. However, other producers applauded Congress's attempt to force the industry to address an issue which some see as a growing public concern.

At ABC, a company spokeswoman said the network felt "the legislation is not necessary." The proposed legislation would partially exempt networks and producers from antitrust laws, to the extent that they would be allowed to meet and try to develop guidelines concerning the portrayal of violence, and possibly sex and drug abuse, on television.

"We have effective standards in this area that operate very well," said the ABC spokeswoman, outlining the network's position. "We don't feel an antitrust exemption is either necessary or desirable."

David Levy, a Hollywood producer-writer, and executive director of the Caucus for Producers, Writers and Directors, disagreed. Speaking of networks generally, he said, "they may have mechanisms in place, but they do not deal with these issues adequately. The problem is," he said, "one

# State of the Network Economy

(Add 000)

| | Prime Time | Late Night | A.M. | Daytime | Children | Sports | News | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue from client-supplied programing** | | | | | | | | |
| **Second quarter '88** | $11,334 | $0 | $0 | $0 | $0 | $3,490 | $0 | $14,824 |
| **Second quarter '89** | 5,832 | 0 | 0 | 0 | 0 | 9,235 | 0 | 15,067 |
| **% change** | -48.54 | NA | NA | NA | NA | 164.61 | NA | 1.64 |
| **All other gross revenue from time sales** | | | | | | | | |
| **Second quarter '88** | 1,042,250 | 110,763 | 61,802 | 302,389 | 38,469 | 276,904 | 200,869 | 2,033,446* |
| **Second quarter '89** | 1,180,182 | 120,757 | 66,384 | 259,047 | 36,438 | 261,305 | 215,269 | 2,139,382* |
| **% change** | 13.23 | 9.02 | 7.41 | -14.33 | -5.28 | -5.63 | 7.17 | 5.21 |
| **Total gross revenue from time sales** | | | | | | | | |
| **Second quarter '88** | 1,053,584 | 110,763 | 61,802 | 302,389 | 38,469 | 280,394 | 200,869 | 2,048,270 |
| **Second quarter '89** | 1,186,014 | 120,757 | 66,384 | 259,047 | 36,438 | 270,540 | 215,269 | 2,154,449 |
| **% change** | 12.57 | 9.02 | 7.41 | -14.33 | -5.28 | -3.51 | 7.17 | 5.18 |
| **Less advertising agency commissions** | | | | | | | | |
| **Second quarter '88** | 158,000 | 16,614 | 9,272 | 45,353 | 5,770 | 41,331 | 30,131 | 306,471 |
| **Second quarter '89** | 177,902 | 18,113 | 9,958 | 38,857 | 5,466 | 40,092 | 32,291 | 322,679 |
| **% change** | 12.60 | 9.02 | 7.40 | -14.32 | -5.27 | -3.00 | 7.17 | 5.29 |
| **Total net revenue from time sales** | | | | | | | | |
| **Second quarter '88** | 895,584 | 94,149 | 52,530 | 257,036 | 32,699 | 239,063 | 170,738 | 1,741,799 |
| **Second quarter '89** | 1,008,112 | 102,644 | 56,426 | 220,190 | 30,972 | 230,448 | 182,978 | 1,831,770** |
| **% change** | 12.56 | 9.02 | 7.42 | -14.33 | -5.28 | -3.60 | 7.17 | 5.17 |

*Does not include color insertion revenues.

**Includes no political parties/candidates revenues for the 1989 second quarter.

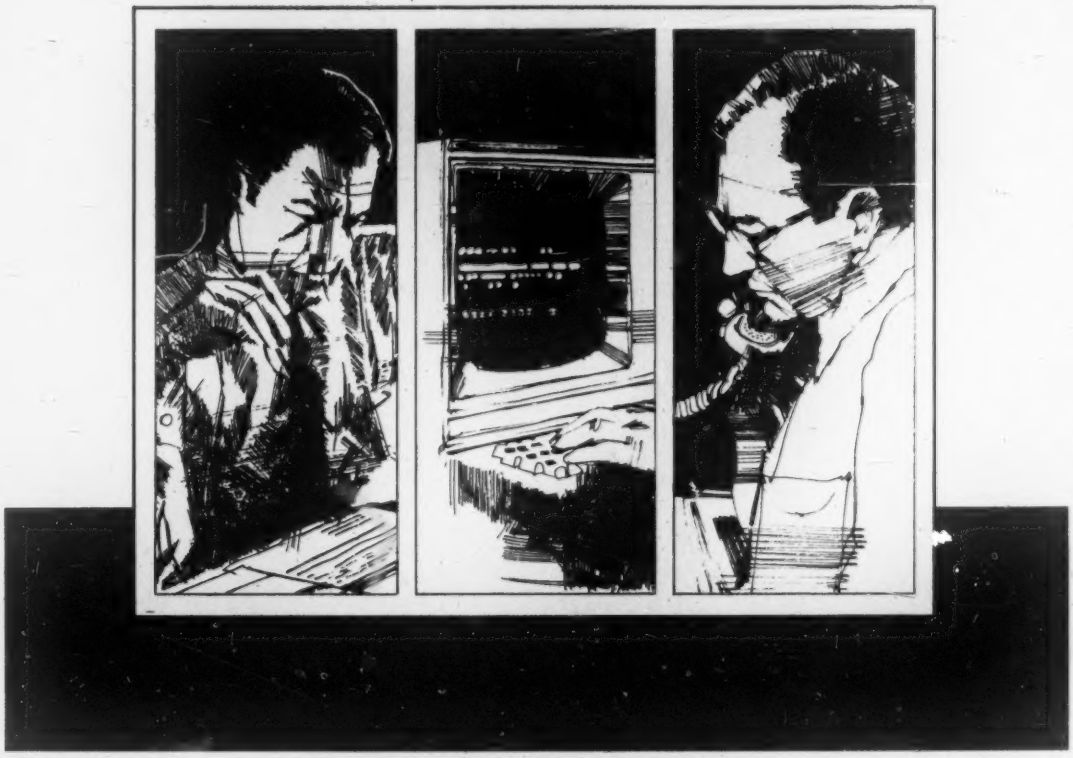
Advertising dollars continued their recent shifts among dayparts in the just-finished second quarter, while the overall three-network market was up 5% to $1,831,770,000. According to data provided to BROADCASTING by the Broadcast Financial Management Association, daytime saw further advertising erosion, while prime, news and late night were up. The second-quarter data, compiled by Arthur Young & Co. from unaudited submissions by ABC, CBS and NBC, is roughly comparable to last year's second quarter, which had no Olympics programing and only $205,000 of political advertising.

Underlying market strength, in both the upfront and scatter markets, accounted for much of prime's sizable 12.6% increase to just over $1 billion. The daypart's revenue boost got added help, however, from some special factors, such as ABC's broadcast of *War and Remembrance*, the fact that more original programing ran, with higher ratings, in the second quarter due to the writers' strike, and the fewer hours of prime time inventory preempted by National Basketball Association playoffs and finals than was the case in the prior year's quarter.

The latter cause conversely contributed to a decline in sports revenue, which fell 3.6% to $230.4 million, after strong double-digit gains in the second quarter of the prior two years.

Daytime revenue fell 14.3% to $220.2 million, according to the BFM data. Although the scatter advertising marketplace was reported to have been strong, audience fall-off in the daypart limited the amount of inventory, after makegoods, that the networks had left for sale.

Since a good portion of the second-quarter revenue was determined more than a year ago in the upfront marketplace, certain dayparts were still being affected by the transition to the people-meter. One network executive cited children's, off 5.3% to $30.9 million, as an example. **-GF**



# THE BUSINESS OF BROKERING/89

The days when you can cut a deal on the back of a napkin are gone," says Dan Gammon, president of Americom, one of the most successful media brokerage firms.

Gammon's assessment of the broadcast brokerage business is shared by his competitors. The business is no longer conducted on the golf course and in the club house, they say. To a growing extent, it is done over the telephone and fax machine with computer spreadsheets, detailed appraisals and the latest tax rulings in hand.

The business has turned into a "science," says Dick Blackburn, president of Blackburn & Co., which has been in the business 32 years. "I think that anybody in the last five years who has relied on the 'old boy network' type thing has found themselves out in left field."

The transformation has been driven in part by the increased competition spawned by the dramatic rise in station trading spurred by the deregulatory initiatives of Ronald Reagan's FCC. Some of the competition has come from sophisticated new brokerage firms; some from Wall Street, where large investment firms have stepped in to broker large deals (see page 55).

Like broadcasting itself, brokering is no longer a mom-and-pop business. Although more than 150 have hung out the broker shingle, only about 50 are doing more than one or two deals a year and about 20 firms account for most of the sales and dollar volume.

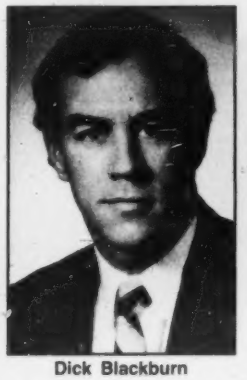
The brokerage business encompasses former broadcasters who entered brokering on a semi-retirement basis; established firms that have managed to not only survive in the business but to excel through innovation and a keen sense of the changing times, and a new breed of broker that relies on a strong financial background, using business-school techniques on top of their personal connections.

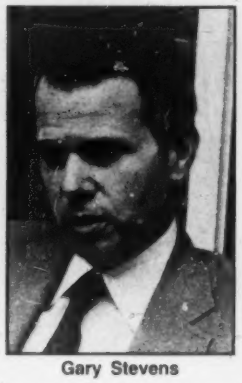
Although most brokers will say there is plenty of business for everyone, they also say a broker cannot afford to waste any of his time or sit back and relax. "If you're up to meeting the demands [of brokering], you'll do fine, you have a place," says Blackburn. "If you're going to cruise, people will blow by you."

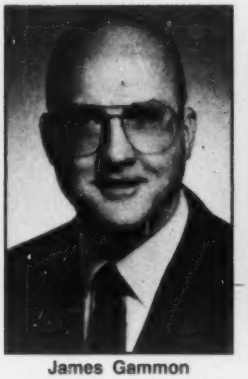
The people who really understand this business are the ones making money right now, says Gammon. "The brokers who trade on their relationships are not doing deals this year, and the statistics show it," he says. "You can't be a casual observer in this business. You can't be successful in this business part time."

The brokers are scattered throughout the

Americom's Dan Gammon


Dick Blackburn


Gary Stevens


James Gammon

Bob Mahlman

country. Washington is home to a disproportionate share, however, because the FCC and hundreds of communications attorneys are there, but some believe the value of being in the nation's capital does not outstrip the high rent. Chapman & Associates moved to Washington, says President Bill Cate, but returned to Atlanta to, among other things, save $180,000 a year on rent.

Station brokering has grown into a $50-million-a-year business, according to some estimates. And take-home pay of some brokers runs deep into the six figures, with the most successful clearing as much as $900,000 in a good year. But the earnings of others barely cover expenses—the rent, the travel, the phone bill. "There is a big disparity between the firms...and individuals that do well and the other group of people that kind of flounder at it," says Brian Cobb, Media Venture Partners.

Brokers are, for the most part, paid on commission at the completion of the sale. There are three basic types of commissions, which vary slightly. One of the most common is the 5-4-3-2-1 commission. The payments start at 5% for the first million dollars; 4% for the second; 3% for the third; 2% for the fourth, and 1% for anything after that. Another commission schedule is the 5-4-3-2, which gives the broker 5% of the first $3 million; 4% of the next million; 3% of the next, and 2% for anything beyond $5 million. Larger brokers often use the 5-2-1 system of 5% of the first $3 million; 2% up to $10 million, and 1% after that.

Not all brokers, however, subscribe to the traditional commission. Gary Stevens, of Gary Stevens & Co., for example, says that the nature of his deals are such that he negotiates his commissions because, as he points out, no one will pay 3% on a $100 million deal.

Although the number of brokers has been increasing, some of the top brokers are predicting some of their competitors may not be around in a year or two. The companies that have the size are "eating the little guy's lunch," said Dan Gammon, because the smaller firms cannot compete with the resources the bigger brokers bring into play.

Ironically, the big brokers may not be a real threat to the scores of brokers who specialize in small-market deals. Ray Rosenblum, who focuses on small markets in Pennsylvania, New York, Maryland, Ohio and West Virginia, says the intense competition for the big deals leaves opportunities for him and others. "I have found a niche where I can serve people," he says.

Successful brokers are constantly looking for the deal, keeping in constant contact with potential buyers and sellers. National Media Brokers Association President James Gammon, a communications lawyer, president of Gammon Media Brokers Inc. and father of Americom's Tom and Dan Gammon, says that brokers are constantly looking for owners who "ought to be ready to sell" for tax reasons or because station value has peaked or begun to erode.

For buyers of successful stations, Gammon says, the broker has a duty to find out why it has been successful. If it is because of management, he says, "the general manager can be sold to the buyer along with the stations." If, however, a technical change—a new antenna or transmitter, for instance—is the cause, he says, the deal can be hurt if the broker is out promoting the station's management.

Increased competition among brokers has also led to questionable practices by some brokers. Bob Mahlman Jr., of Bronxville, N.Y.-based Mahlman Co., says that some brokers do not respect the confidence of the seller when working on a deal. They leak information, for instance, about the sale prematurely to promote themselves, he says.

Frank Kalil, of Kalil & Co., agrees that too many people "open their mouths when they shouldn't." Owners may not want their employes to know the station is for sale, he says. If employes learn of it before the owner meets with them, panic often ensues. "There are some brokers," says Mahlman, "that have a tendency to give the rest of us bad names." (None of the brokers would name the culprits for the record.)

There is also concern about brokers who repeatedly horn in on deals to capture a portion of the commission. Brokers who had and lost a listing sometimes reemerge after another broker has put together a deal and threaten to sue if they do not receive a share of the commission, says Mahlman. No buyer or seller wants to hear talk of lawsuits, he says. So the broker who does not want to hang up the deal gives in and pays off the complaining broker. "That's not right," he says. The National Association of Media Brokers could help by imposing a time limit on how long a broker can lay claim to a seller, he says.

To get a listing, some brokers will tell sellers their stations are worth far more than they are. "The fact that they do that is just gross....There is no excuse for it," he says. Overstating the market value to the seller will eventually catch up with the broker and damage his or her reputation, he says. And in this business, he says, reputation "is the main thing you have."

Perhaps because of the reputation-is-everything philosophy, the brokers who engage in the questionable practices are the exception, not the rule. For the most part the brokers behave themselves, most brokers agree, despite the lack of any formal

## Sales breakdowns

| Category | Number sold to June 1988 | Number sold to June 1989 | Sales to June 1988 (000) | Sales to June 1989 (000) | Percent change |
|---|---|---|---|---|---|
| AM | 27 | 78 | $23,192.6 | $74,324.6 | 220.5 |
| FM | 45 | 55 | 207,752.0 | 154,598.1 | -25.6 |
| AM-FM | 54 | 58 | 157,265.8 | 246,356.3 | 56.7 |
| TV | 13 | 22 | 187,935.0 | 646,767.4 | 244.1 |
| Groups | 8 | 5 | 471,172.3 | 159,199.1 | -66.2 |

June, 1989

SOLD

CITRUS CABLE
OF CENTRAL FLORIDA

serving 1,400 cable t.v. subscribers
in Orange, Polk and Osceola Counties, Florida
has been sold to

TELE-MEDIA CORP.

of State College, Pennsylvania

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813 222 8841

CEA Inc. 375 Park Ave
Suite 3808
New York, NY 10152
212 319 1968

June, 1989

SOLD

Certain assets of

SONIC COMMUNICATIONS, INC.

serving approximately 37,000 basic
subscribers in Anchorage and environs,
Kenai/Soldotna, and Bethel, Alaska
have been sold to

PRIME CABLE OF ALASKA, L.P.

of Austin, TX

The undersigned represented the seller in this transaction.
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Suite 3808
New York, NY 10152
212 319 1968



standards or code of ethics.

Most brokers look for good times ahead. Over the past five years, says Dick Blackburn, the brokering business has been "great," and as long as money remains available and affordable it will continue to grow.

Blackburn attributes the strength of the business to several factors, including regulatory changes at the FCC (the raising of the ownership limits and removal of the three-year rule), banking's greater understanding of and continued interest in broadcasting, and the attention broadcasting has received on Wall Street. The business was not maturing before, and people were not focusing on the business, but they are now, he says. "And it was time." –JF

# The biggest of the brokers

Among the independent (those not affiliated with Wall Street investment bankers) radio-TV brokers, Americom, in its sixth year of operation, is number one.

According to BROADCASTING's count (see chart, page 48), the Washington-based Americom brokered deals totaling $589,270,000 since July 1988.

Gary Stevens is the first runner-up (and again the premier solo performer), with a total of $388 million in deals over the past 12 months.

Rounding out the top five are Blackburn with $366,983,000; Media Venture Partners with $198,951,600, and Howard Stark with $105,600,000.

Following are profiles of the top 23 independents—those with sales of more than $10 million between July 1, 1988, and June 30, 1989.

## Americom

In less than six years Americom has risen rapidly through the ranks to become one of the top three brokers. In 1986 it brokered sales worth approximately $120 million. In 1987 that figure was around $100 million, and in 1988 was close to $140 million. Since July 1988 Americom has brokered sales

THE BUSINESS OF
BROKERING/89

over $1 billion. A large chunk of that came in a Westinghouse effort aimed to buy 16 radio stations from Group W and Metromedia for $385 million. Broadcasting, April 24, 1987. Americom, a managing partner and top 25 market specialist for Riesling, recruited the engineering services of Westinghouse for the deal, which it expected to close the FCC. Westinghouse sold. Americom does well in the $5 million-$20 million range. "We look for a company that started out five years ago and was now $20,000 [sales]," Tom Hammon recalled in a file accompanying Fifth Estate (Sept. 22, 1988) that he once went to rent a car only to find all his credit cards frozen and having to use the buyer's card to rent a car. However, he closed that sale and the company has never looked back since.

Americom is headed by brothers Tom, chairman, and Dan, president. Their father, James Gammon, is a communications lawyer who just recently went into brokering full time with the formation of Gammon Media Brokers Inc., the successor to Gammon & Ninowski Media Investments Inc., which Gammon founded in 1965.

Dan Gammon attributes some of his firm's (and brokers' in general) success to the ability to judge the value of a station. "We [brokers] create an efficient marketplace," says Gammon. "For the sellers we try to produce the highest price the market will pay," adds Gammon. He also stresses the confidentiality of the brokering business. The lack of confidentiality, according to Gammon, is a big problem in brokering; if confidentiality is broken, then the staff of the station becomes anxious. Presentations and projections are a big part of Americom's business, Gammon explains. "The reason for our success is that we professionalized the business," referring to Americom's computer sophistication and debt service models for the buyers, which, says Gammon, meshed with what the banks were starting to do.

More than **$50 Million** in 1989 Sales . . . *so far!*

**WJTC-TV**, Pensacola, Florida • **$5,000,000**

**KVAN, KMJK-FM**, Portland, Oregon • **$7,650,000**

**WAKR, WONE-FM**, Akron, Ohio • **$13,000,000**

**WCOS AM-FM**, Columbia, South Carolina • **$12,500,000**

**KXOK, KLTH-FM**, St. Louis, Missouri • **$6,500,000**

**WMJR, WJAD-FM**, Albany, Georgia • **$3,000,000**

**WPBD-AM**, Atlanta, Georgia • **$4,200,000**

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## Blackburn & Co.

It has been a typical year for Blackburn & Co.—approximately $270 million in sales since last July and another $101 million in sales pending at the FCC. Some of Blackburn's bigger sales of the last two years include two group deals totaling $145 million and the sale of KFAC-FM, Los Angeles for $55 million. Most of Blackburn's sales are in the $1 million-$10 million range. For the most part the firm focuses on radio, but they do have a $70 million deal for WSFA-TV, Montgomery, Ala., pending.

Blackburn & Co. emerged from a brokerage firm headed by the late James Blackburn Sr. and Ray Hamilton. In 1957 Blackburn went out on his own, and today the company is run by his two sons, Jim (chairman) and Dick (president). Blackburn & Co. is headquartered in Washington and has offices in New York, Atlanta, Chicago and Beverly Hills.

Blackburn Capital Markets is the company's financial division. It was set up as a separate entity from the brokerage firm and its main focus is to help people recapitalize their company or restructure debt. Dick Blackburn says they generally do not finance the deals that they broker.

Blackburn sees the broadcasting business becoming more of a science. This is also true for brokering. Dick Blackburn says it is not enough to be a "good ol' boy broker." However, he adds, that does not mean that the smaller brokers will become extinct; if someone wants to work hard, he or she will find a way to do well in brokering. Blackburn also finds himself competing against Wall Street firms sometimes and working with them other times, but many of the Wall Street companies have started to get out of the business over the last few years.

Blackburn is optimistic about the year in general but, like most brokers, is concerned about AM. He feels that "something dramatic has to happen in AM—the trends overall are not good and I don't see a reversal of those trends in the near term." Blackburn says technology is the main problem for AM, although he is quick to point out that when an AM has successful

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programming an FM will be there to copy it.

Dick Blackburn says the biggest change in the broadcasting industry is the changing of the business as pioneers leave and investors get in. "The investors," says Blackburn, "are excellent broadcasters, and they're doing things that were not being done before and running far better stations." Despite the advent of the non-broadcaster in broadcasting, Blackburn does not feel station prices are inflated. He also does not see the broker business being reduced to just a few large firms, but says the companies that will prosper will be ones that offer full-service capability. The business now, says Blackburn, is more than just phone calls and mailings.

## Broadcasting Asset Management Corp.

Jack Minkow, president of Broadcasting Asset Management Corp. in Chicago, spent the past year working on one deal—the $123.5 million stock purchase of United Broadcasting Co. by TA Communications in February. The deal, not yet approved by the FCC, includes KALI(AM) San Gabriel and KSOL(FM) San Mateo, both California; WTOP(FM) Washington; WYPR(AM-FM) Baltimore; WINX(AM) Rockville, Md. (Washington); WRTM(AM) New York, and WJMO(AM)-WRQK(FM) Cleveland Heights, Ohio. The sale also included cable systems in New Hampshire serving about 38,000 subscribers. Industry sources estimate the value of the United stations to be $75 million-$80 million.

Minkow's past affiliations include five years with ABC as vice president and general manager of ABC's FM stations in Detroit and Chicago; he was also a member of the board of advisers to the ABC Radio Network. He currently owns KCOL(AM)-KBMN(FM) Fort Collins, Colo. (Denver). Minkow says the growth in the brokerage business is good for radio. He thinks that it is a byproduct of the lifting of the FCC's three-year rule. One thing needed these days, he says, is that the sellers should "examine the financial ability of the broker and the broker's ability to raise capital for the prospective buyer." Brokering aside, Broadcasting Asset Management also focuses on the procurement of debt and equity for purchases of major and medium market broadcast properties. Minkow also consults investment groups on station operation and management.

## Robert A. Chaisson

Robert A. Chaisson, president of New Canaan, Conn.-based Robert A. Chaisson Inc., is in his fifth year of brokering. Prior to that, Chaisson, like Richard Foreman, Jack Minkow and Robert Mahlman, was with ABC. From 1979 to 1984 Chaisson served as managing director of ABC Talk Radio and as director of network development. From 1966 to 1979 he was with John Blair & Co. as vice president and office manager of Blair's New York office.

Chaisson handles both radio and TV but says that 95% of his business is in radio. Since July of last year Chaisson has brokered sales totaling $10,564,350. He does deals all over the country, but his primary focus is on the East Coast.

Chaisson says that this year should be good for station sales if interest rates decline and cites deregulation as the main reason for the increase in station trading and growth of the brokering business. However, he questions whether buyers will be able to buy good cash-flow stations. Chaisson says there are not enough "good products" out there to satisfy buyers, and sellers may want to sell at a higher multiple.

## Chapman Associates

William Cate, president of 35-year-old Chapman Associates, joined Chapman in Atlanta in 1978 and, with Chapman Chairman Ray Stanfield and the late Corky Cartwright, bought the company from Paul Chapman in 1983. Since he has been president, he estimates that sales have tripled and revenue has quadrupled. The firm recently relocated its corporate headquarters from Washington to Atlanta. Since July 1988 Chapman has brokered sales totaling $101,491,750.

In 1987 Cate helped establish Chapman Financial Services, based in Boston and headed by Bob Maccini. Maccini provides financing for new purchases and also arranges refinancing.

Cate cites the addition of financial services by the brokerage as one of the biggest changes. The entrance of Wall Street is also a big change, but Chapman, according to Cate, has not been hurt by the investment banking firms. But that does not mean he is ambivalent towards the Wall Streeters. "The investment bankers are the biggest whores that ever hit broadcasting," says Cate, adding that they are not good for the industry and know little about the brokering business.

Although the competition is tough between brokers, Cate says the brokers' real enemy is the direct deal. That too is changing. Cate estimates that when he entered the brokering business only 27% of the deals were brokered; today that number is around 50%.

## CEA

Communications Equity Associates is known mostly as a cable broker. However, the Tampa, Fla.-based firm is also highly successful in radio and TV. Since July 1988 CEA has brokered radio and TV sales totaling $29,311,194 (including five radio deals worth $18,666,194).

CEA's broadcast brokers are Glenn Serafin, Tim Menowsky and Katherine C. Marien. Serafin joined CEA in 1985 after several years with the Associated Press. He started as a newsman and went on to become a sales executive for AP's Broadcast Services Division and, later, national sales manager. Menowsky joined CEA in 1988 from station ownership. He owned four stations in Pennsylvania, Missouri and Kansas. He was also vice president of Greenwood Performance Systems, a broadcast consulting firm, and was involved in radio research for NBC in Washington. Marien, formerly with the communications group at the Bank of New England, recently joined CEA as group vice president of the broadcast division.

Serafin says CEA has had a great year, a busy first half, and will be announcing sales worth about $25 million. Serafin says the year started out a bit slow for the industry. He says there was no particular reason for the slow start except for the higher interest rates in the first quarter, which caused problems. But the rates, according to Serafin, are "headed South." When the rates climb, he explains, the most important factor that affects trade is the ability to borrow money at a reasonable rate. The brokerage business, says Serafin, is "constantly maturing," and he cites expansion into financing as the major change in brokering. CEA recently relocated its broadcast headquarters from Washington to its corporate headquarters in Tampa.

## R.C. Crisler & Co.

Cincinnati-based R.C. Crisler & Co., founded by Robert Crisler in 1951 and the training ground for some of today's top brokers, continues to do well after almost 40 years in the business. Since July of last year Crisler has brokered sales worth approximately $102,610,000. Two of the firm's bigger TV deals brokered were the

Chapman's Bill Cate

CEA's Glenn Serafin

Richard Foreman

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W. John Grandy

Ted Hepburn

Frank Kalil

sales of KCMO Jefferson City, Mo., for $24 million and that of WAMS Wilmington, Del., for $25.8 million. Senior Vice President Clyde Haehnle, who handles both radio and TV for Crisler, says this year has been split on TV. Crisler, which also handles newspaper sales, has offices in New York, Chicago, Illinois, N.Y., Lincoln, Neb., and Tampa, Fla. Other members of the firm include vice presidents John Babcock, Richard Chapin, Mark Jorgensen and Donald Clancy. Ward Quaal is Crisler's special national representative.

Haehnle agrees that the competition has added more professionalism to the business. Haehnle says TV prices are low right now and says one reason is that lenders are a little more hesitant to take chances then they used to be. One new development at Crisler is the establishment of Crisler Capital Co., a joint venture with Society Media Co., a subsidiary of Society National Bank of Cleveland. The company is headed by R.D. Meiszer, a former senior VP with Society. With the new firm, Haehnle says Crisler will now be able to place the senior lender, the subordinated lender, the venture lender and the equity (buyer) together. Crisler does not use the service for its own deals exclusively. Meiszer says the company will be most successful with sales between $5 million and $75 million. Deals over $75 million attract the attention of Wall Street, an area in which Crisler does not want to compete.

## Fisher & Associates

Norman Fisher, president of Austin, Tex.-based Norman Fisher & Associates Inc., is the former owner of KJXA(AM) San Antonio, Tex., WBBR-AM Baltimore and KRBA-AM-FM Abilene, Tex. Fisher's background includes resident partner of Holt, Fisher & Associates from 1970 to 1971. He then joined R. Miller Hicks Co. as vice president of operations, managing station properties, and in 1974 formed Fisher & Associates. He also serves as a station consultant for several Southwest radio and TV stations and also has offices in Harlingen, Tex. His brokering is not limited to the Southwest, though he does sell properties there. Nor does he limit himself to radio. Since July 1988, Fisher has brokered deals totaling $29,551,000.

Fisher feels that the FCC's deregulation has led to the boom in sales and brokering and allowed the younger brokers to move in. Deregulation, he adds, also led to the entry of bankers and other investors into the business. The good side of deregulation, says Fisher, is that the banks, after becoming more involved in broadcasting, became more open to lending money for station purchases.

## Foreman & Associates

Richard Foreman, head of Greenwich, Conn.-based Richard A. Foreman & Associates, was ABC's vice president, operations, for radio from 1978 to 1981. On his own since 1981, he has been one of the more successful solo brokers. Like several brokers, he started as a consultant and found himself drawn into brokering. Foreman, who has been ranked among the top 15 brokers the last two years by Paul Kagan, brokered sales in 1987 of about $15 million and in 1988 hit $24 million. Since July 1988, Foreman has brokered sales worth $24,840,000. Not included in that is the swap of WITH-FM Detroit for WRVR-AM-FM Memphis, which has closed and is estimated to be worth $35 million, bringing Foreman's total to $59,840,000.

Foreman likes to concentrate on high-growth markets such as Mobile, Ala., Norfolk, Va., and Raleigh-Durham, N.C. He says one change he has noticed this year is that while the number of deals is increasing, the prices are not. He sees a lot of smaller deals this year and feels there is a need for "more quality buyers."

## W. John Grandy

San Luis Obispo, Calif.-based W. John Grandy has been very active in recent months. His biggest deal since July 1988 was the $24 million sale in June of KCBQ-


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## Brokers branch out

Indicative of the increasing sophistication of the brokering business, a growing number of brokers are now concentrating on the financing of the deal in addition to bringing buyer and seller together. Some of the brokers, such as Chapman & Associates and Blackburn & Co., have set up in-house financial services arms, while others have built strong relations with investment bankers, financial consultants and broadcast lenders.

Blackburn & Co. launched Blackburn Capital Markets to provide full-service financing. According to Dick Blackburn, president, Capital Markets was not set up to work with only Blackburn deals. They provide "acquisition financing including senior and subordinated and equity funding. Blackburn also offers corporate restructuring for existing companies and consulting services for corporations or individuals that want to invest in broadcast properties. Blackburn says the service has been used primarily for properties in medium-sized markets.

"Right now," said Blackburn, Blackburn Capital has focused on the $5 million-$25 million stations and $10 million-$70 million companies. One reason for creating the division, according to Blackburn, was to help "undo" what people may have done on their own. Financing, said Blackburn, "is a more important part of the business than it ever has been."

Blackburn Capital Markets is managed by Steve Pruett, who is located in Blackburn's Chicago office. Susan Byers handles Capital Markets for Blackburn's Washington office. Blackburn Capital Markets has done close to $69 million in transactions since July 1988.

Media Venture Partners has also joined the growing ranks of brokerage firms involved in financing deals, because, said Brian Cobb, sellers are demanding to see tangible evidence of the buyer's financing.

Brokers, for the most part, require that the buyer identify the bank helping the buyer finance the deal up front. MVP also deals with the banking community and often works with them to help solve lender problems. MVP also looks to venture capital firms and banks to help the buyer if proven to be a good risk. Cobb said that for the most part, buyers don't mind giving up an equity piece of their purchase to the "subordinated lender." Sometimes it's how much the buyer gives up that can be a problem. Cobb said there is no set amount. "It's all over the place. I've seen as low as 5% and as high as 80%. It has to do with the quality of the deal and the money that the buyer brings to the table."

Chapman Associates offers Chapman Financial Services. Chapman helps secure financing for buyers and restructures existing debt. Chapman also has ties with broadcast lenders, insurance companies and venture capitalists.

R.C. Crisler & Co. and The Mahlman Co. also joined the ranks of brokers affiliated with lenders. Crisler recently established Crisler Capital Co., a joint venture with Society Media Co., a Cleveland-based broadcast lender.

Mahlman recently announced its affiliation with New York-based W.M. Turnof & Co. The affiliation allows Mahlman to add tax advice and financial management services to its brokering business.

AM-FM San Diego.

Grandy is a veteran broadcaster who has owned and managed radio and TV stations in the Midwest and West. His associate, Dale Cowle, is based in Rancho Mirage, Calif. Cowle has owned stations in Iowa and Illinois. Grandy has been a full-time broker since 1974.

Grandy cites the growing role that banks play in broadcasting as the biggest change in the last five years. Deals, says Grandy, are no longer strictly seller financed.

Several of Grandy's recent deals have involved minority tax certificates. Grandy feels that the tax certificate is one of the good things the FCC has done because it has been effective in attracting more minority owners. Grandy also supports the FCC's deregulation because it allows for more stations and brings in more broadcasters.

Grandy also feels that AM radio has some problems. In terms of selling, he describes the stand-alone AM as a "tough sale" and feels that AM is becoming relegated to specialized programing such as ethnic material, news/talk or religion.

Since July of 1988 Grandy has brokered sales totaling $55,550,000.

## Ted Hepburn Co.

Ted Hepburn, founder of the Cincinnati-based Ted Hepburn Co., said that this year has gone in "fits and starts." Hepburn, who with his son, Todd, is entering his 14th


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# The $10-million-plus club

**The 28 brokers that handled more than $10 million in deals in the last 12 months**

| *Broker* | *Radio sales* | *TV sales* | *Pending (000)* | *Closed (000)* | *Total (000)* |
|---|---|---|---|---|---|
| **Goldman-Sachs** | | 3 | $150,000 | $457,000 | $607,000 |
| **Americom** | 28 | | 441,900 | 147,370 | 589,270 |
| **Gary Stevens** | 16 | | 89,000 | 299,150 | 388,150 |
| **Blackburn** | 46 | 1 | 101,568 | 265,415 | 366,983 |
| **First Boston** | | 5 | 12,000 | 147,000 | 198,952 |
| **Media Venture Ptnrs.** | 26 | 5 | 67,725 | 131,227 | 159,000 |
| **Stark** | | 2 | 45,600 | 60,000 | 105,600 |
| **Chapman** | 37 | | 970 | 100,522 | 101,492 |
| **Mahlman** | 8 | | 8,000 | 88,450 | 96,450 |
| **Sandler** | | 2 | 40,000 | 40,000 | 81,410 |
| **Broadcast Asset Mgt.** | 1 | | 75,000 | | 80,000 |
| **R.C. Crisler** | 19 | 1 | 39,200 | 42,210 | 75,000 |
| **Kalil & Co.** | 4 | 4 | 33,000 | 32,300 | 65,300 |
| **Foreman** | 5 | | 12,165 | 47,675 | 59,840 |
| **W. John Grandy** | | 6 | 29,600 | 25,950 | 55,550 |
| **H.B. LaRue** | 6 | 1 | 28,500 | 23,350 | 51,850 |
| **Cecil L. Richards** | 9 | | 5,750 | 41,050 | 46,800 |
| **Hepburn** | 1 | 1 | | 35,500 | 35,500 |
| **Kozacko-Horton** | 24 | | 6,040 | 23,381 | 29,421 |
| **C.E.A.** | 7 | 3 | 18,666 | 10,645 | 29,311 |
| **Norman Fisher & Co.** | 9 | | 5,750 | 23,051 | 28,801 |
| **William Schutz Jr.** | 6 | | | 22,400 | 22,400 |
| **Kidder, Peabody** | 1 | | | 21,000 | 21,000 |
| **Sailor & Assoc.** | 5 | | 12,835 | 7,465 | 20,300 |
| **Shearson Lehman** | | 2 | | 20,000 | 20,000 |
| **R.A. Marshall** | 7 | 1 | 5,750 | 12,013 | 17,763 |
| **Star Raymond** | 4 | | 11,500 | 4,700 | 16,200 |
| **Robert A. Chaisson** | 6 | | 4,564 | 6,000 | 10,564 |

The radio-TV brokers are ranked by the total dollar amounts of sales they brokered between July 1, 1988 and June 30, 1989. The "Pending" column shows the totals of sales that are still awaiting FCC approval or final settlement.

year on his own since leaving R.C. Crisler & Co., has also managed stations.

For the past five years Hepburn has been one of the more successful TV and radio brokerage houses. Between 1985 and 1987 Hepburn brokered sales worth more than $220 million. Hepburn's sales since July 1988 were WPCQ-TV Charlotte, N.C., for $30 million, and the recently closed WZFM/FM, Briarcliff Manor, N.Y., for $5.5 million. That total is down from the $85 million that Hepburn did in the previous 12 months. The firm handles both radio and TV deals, and Hepburn says his business is split down the middle these days, when usually his business favors radio five to one. Hepburn says one reason the business is changing is because anticipated growth is drying up. A decline in revenue growth can [illegible] stations. If revenues don't keep up with expenses, then profits will flatten out. When inflation slowed down, says Hepburn, station revenues were hurt. This has led to a more conservative lending approach by the banks.

Ted is helped out by his son, Todd, also a broker, and his daughter, Heidi, who does station appraisals. Although his firm does not provide in-house financing, he does steer prospective buyers to the investment bankers with whom Hepburn has a good relationship.

## Kalil & Co.

Frank Kalil has also made the successful transaction from station management to brokering. A graduate of the University of Arizona, Kalil owned KAIL(AM)-KJYJ(FM) Tucson and KBEZ-AM-FM Phoenix. For seven years he was a broker with R.C. Crisler & Co., and was a partner with former R.C. Crisler associate Bill Richter. He has been on his own since 1982.

Kalil says his Tucson base, aside from meaning he has to change planes a lot, is not a disadvantage in the business. Kalil has closed sales worth about $33 million since July 1988 and has a $33 million sale awaiting FCC approval. Kalil's sales are pretty much split down the middle between television and radio. Kalil is not limited to the Southwest. He brokered the recent sale of WXTR-FM Waldorf, Md., for $33 million to Ragan Henry.

He says his firm will not work with a seller who wants more for the station than Kalil thinks it's worth. "We don't think there is anything to be gained by taking a listing at an inflated price just to have a listing; you [the broker] look like a fool and you waste a lot of time and money," says Kalil.

He says this year has been "explosive" for his business, adding that the reason for the boom is that more people are recognizing what a good business broadcasting has become. Kalil explains: "If you know about broadcasting and you are dealing with a reputable broker you will not put your money anyplace else."

# 1989 SALES

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KMAX-FM
Los Angeles

KEST
San Francisco

KUNA, Indio
KCKC/KBON, San Bernardino

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# BROKERS

## Kozacko-Horton Co.

Kozacko-Horton Co., the Elmira, N.Y.-based brokerage firm, has been expanding its reach over the last few years from Maine to Florida. The firm grew out of the Keith Horton Co. Horton, a former radio sales manager and owner, sold the company to Richard Kozacko in 1985. Kozacko's background includes stints in financial planning with the Ford Motor Co. and 3M. Kozacko entered the brokering business in 1967 with Chapman, joined Horton in 1973, and bought it out in 1985. Currently, Kozacko-Horton has offices in Elmira, Washington, Portland, Me., and Sarasota, Fla.

Kozacko-Horton primarily handles deals between $1 million and $5 million. Aside from a drop in standalone AM deals, Kozacko says his business (mostly radio) has been steady. He says that as long as the economy remains strong, his business will also remain good. However, turnaround stations are becoming more difficult to sell, he says, because banks are tightening up. Kozacko-Horton has brokered deals worth about $29,420,500 since July 1988, and Kozacko says this will be the company's best year.

## H.B. LaRue

Hugh Ben LaRue, president and founder of H.B. LaRue Media Brokers, is in his 25th year of brokering. Before that he served as general sales manager of WINS-AM New York, general manager of then-KTVR(TV) Denver, and vice president of then-KULA-AM-TV Honolulu. The firm has offices in Beverly Hills, Calif., Atlanta and New York. LaRue is helped out in California by Vice President Joy Thomas. A newcomer in the West Coast office is W. Dean LeGras, West Coast manager, a former general manager of KCBS-TV Los Angeles. The New York office is run by Michael Bergner, who focuses on legal matters as well as brokering, and Leon Van Bellingham, a former special projects coordinator with NBC's *Today* show and vice president of Cablecom General. Harold Gore, radio owner and former executive vice president of Sudbrink Broadcasting, is based in Atlanta.

LaRue handles radio, TV and cable transactions. LaRue estimates they have done about $50 million in sales since July 1988, including a $13 million sale and one for $7.65 million. Last year, according to LaRue, was slow, with less than $100 million in sales. This year, with sales approaching $50 million so far, LaRue hopes to clear the $100 million mark for the third time in four years. LaRue says that the constant shuffling that goes with the increasing station trading does not hurt the industry, and that this seems to be what the administration and the FCC want. And it's excellent for brokers, he adds. LaRue says it used to take a year for a deal to get through the commission, but now they are completed in about eight to 12 weeks.

The Wall Street intrusion has not

affected LaRue's business. "They [Wall Street] don't always know where the buyers are when they get a listing," says LaRue. When that is the case, he explains, "we contact the seller and find out which investor he is working with and work with them to help them make a deal." LaRue is anticipating continued growth in station trading and hopes to enlarge his staff to include more cable. The firm is looking for a full-time cable broker. Cable, says LaRue, "has room for more competition."

## The Mahlman Co.

The Mahlman Co. bills itself as radio's "blue chip broker." The Bronxville, N.Y., company was founded by Robert Mahlman in 1979. His background includes stints with ABC as vice president and general manager of network services and vice president and director of affiliate relations. He also spent 14 years with the McGavren Guild rep firm.

Mahlman is aided by his son, Bob Jr., who joined the company last year. He began his career as an account executive for WVIP-AM-FM Mount Kisco, N.Y., and was sales manager before leaving to enter the rep business with Katz Radio. Nancy Mahlman, Robert Mahlman's wife, is the company's chief financial officer.

Since July 1988 Mahlman has brokered deals totaling $96,450,000. Most of the deals are between $3 million and $10 million. The big sale for Mahlman this year was the $58 million sale of WWJ-AM-FM Detroit.

Mahlman Jr. says that it is still a seller's market with increasing multiples. He says some broadcasters were "forced to sell earlier this year because some people had just paid too much, while some of the deals pegged as risky did not come through and stations were sold for less than originally planned." Mahlman Jr. says that this sends shock waves through the buyers and creates a wait-and-see market. However, for the most part, Mahlman Jr. says that attitude has not had too much of an effect on the industry.

The Mahlman company recently joined the ranks of other brokers with either financial institutions within their companies or relationships with outside financiers. Mahlman and W.M. Turnoff & Co. became affiliated in June. Turnoff Co. provides tax advice and management services. Mahlman also has a relationship with the National Broadcast Finance Corp.

Mahlman has offices in California and hopes to open offices in the South and the Midwest next year.

## R.A. Marshall & Co.

Robert A. Marshall, president of R.A. Marshall & Co., also has a family background in radio and brokering—Marshall's father was an original partner of Blackburn & Co. Marshall started his career in radio in 1958 with KPLT-AM-FM Paris, Tex. After his graduation from law school, Marshall joined his father

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at Blackburn, rising to vice president and associate broker. Marshall left Blackburn in 1981 to form his own brokerage firm with his wife, Martha, in Hilton Head Island, S.C.

Marshall cites his experience as the key to his success. "After 21 years of observing the broadcasting business I have a good idea of what works and what doesn't." Marshall & Co. has closed deals totaling $12,013,000 since July 1988 and has another $17,763,000 worth pending.

Richard Kozacko

H.B. LaRue

Robert Mahlman

## Media Venture Partners

Media Venture Partners, the firm formed by four former brokers of Chapman Associates, has overcome a rough separation from Chapman to become one of the biggest brokers in less than two years. MVP's four principals—Brian Cobb, Charles Giddens, Elliot Evers and Randy Jeffery—have almost 80 years of combined experience in the broadcasting business. Cobb's previous positions include vice president and general manager of WNGE-TV and WSIX-AM-FM Nashville and vice president-general manager of KOA-AM-TV and KOAQ-FM Denver. He has also served on both the Tennessee and Colorado associations of broadcasters. Giddens was a broadcast consultant and vice president of Chapman Associates' major markets division. Cobb and Giddens are in MVP's Washington office. Heading MVP's Orlando, Fla., office is Jeffery, who got his start in broadcasting in the mailroom of WGN-AM-TV Chicago. Evers, in the San Francisco office, adds legal experience to his brokering. He has provided FCC counsel to several radio groups and was an attorney with the West Coast law firm Farrand, Maltz, Cooper & Metzler.

According to Cobb, MVP does not focus on a particular market or region; instead price is the final factor on whether MVP gets involved in a deal. For the most part, MVP handles radio sales. However, this year the firm has been involved in more TV deals than ever before. Usually MVP averages 85% radio deals to 15% television, but that ratio has shifted to 75%-25%. Cobb says MVP's sales average $5.5 million, with only four transactions in the last 12 months worth less than $3 million. Since July 1988 MVP has brokered sales worth about $195,751,578.

## Stan Raymond Associates

Atlanta-based Stan Raymond Associates handles radio deals, mainly in the Southeast. Raymond says that the growing prices of stations and the increased complexities of financing have made business more difficult. On the plus side, Raymond says that investors and venture capitalists know more about the industry than they did a few years ago and, because of this added knowledge, venture capital people are more apt to loan money for radio properties based not just on cash flow but on potential value or a good upside. Investing "is not," adds Raymond, just "black and white anymore."

Raymond says he approaches a sale as a broadcaster, not a broker, and that one reason for his success is that the firm still takes a "personal approach."

The radio business is doing great, says Raymond, and he expects to have a good year, but he is upset that more radio people can't afford to buy stations.

## Cecil L. Richards Inc.

Cecil (Lud) Richards, a veteran broadcast executive with Westinghouse and CBS, is entering his 15th year as founder of Cecil L. Richards Inc. His brokering background includes six years as vice president with Hamilton-Landis & Associates, where he spent as much of his time as a broker as he did as an appraiser.

Richards is helped out in Washington by Bruce Houston, who started as a station rep with Eastman Radio in 1962. He came to Washington in 1975 as general manager of WRC(AM)-WKYS(FM) and joined Richards in 1978. Lee Hague, a former merger and acquisition specialist with Dean Witter in Chicago and former owner of a broadcast investment banking firm, anchors Richards's Chicago office.

There is no one market for Richards. Deals brokered over the last year by Richards include the $25 million sale of WBMD(AM)-WQSR(FM) Baltimore and WPTX(AM) Lexington Park, Md. From July 1988 to June 1989 Richards brokered sales worth about $46,800,000.

## Sailors & Associates

Don Sailors, president of Atlanta-based Sailors & Associates, says he's "busier than he's ever been." Sailors is another solo broker preferring to do things himself. He says he hasn't seen much change in the brokering business over the last five years, but does cite better presentations and more mass mailings as among the few changes. Sailors has been brokering radio deals since 1981. His background includes station management and rep firm experience (with the late John Blair in the 1950's). He has noticed the growth in brokerage firms but says he "has enough going so that I don't notice the competition that much." Since July 1988 Sailors has brokered deals worth $20,300,000.

## Sandler Media Group

New York-based Sandler Media Group, an investment partnership that invests in stocks of communications companies, also does TV brokering. Since July 1988 the group has brokered two deals for three stations.

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totaling $80 million.

The group is headed by Harvey Sandler, who spent 14 years at Goldman Sachs as a media and special situations analyst. John Kornreich, partner, acts as Sandler's research department. Barry Lewis, general partner, joined Sandler in 1986 after 20 years with Katz Communications and handles some of Sandler's brokering and stock trading operations. A recent addition is Mike Marocco, former vice president of Morgan Stanley, who is now president of Sandler's Media Group.

## William B. Schutz Jr.

William B. Schutz Jr., head of his own brokerage house in Irvington, N.Y., began his career with LIN Broadcasting in 1969 with KLIF-AM-FM Houston. In 1971 he joined McGavern Guild in New York as an account executive. In 1973 he joined Buckley Radio Sales and served as Eastern Regional Manager. In 1977 he formed Schutz & Co., a national rep firm, and in 1980 he merged with Savalli/Gates to form Savalli & Schutz. After becoming involved with brokering he decided to sell his interest in Savalli & Schutz to develop his own brokering business.

The decision seems to have paid off for Schutz. In 1987 he brokered deals worth about $5.5 million. In 1988 that figure improved to $13 million. Since July 1988 Schutz has brokered deals worth about $22.4 million. Schutz's big deal of the last 12 months was the $12.5 million sale last year of WJLK-AM-FM Asbury Park, N.J.

## Howard Stark

Despite the onslaught of investment bankers cutting into his business, Howard Stark can still lay claim to being at the top of the TV brokering game. Stark, who once told the *New York Times* he "invented the business," brokered more than $200 million in sales over the past year and more than $2 billion over his long career. And he does it alone.

Last year Stark brokered the sale of WGRZ-TV Buffalo for $100 million and WAFB-TV Baton Rouge for $60 million. This year he sold KWQC(TV) Davenport, Iowa, for $45.6 million.

Stark's success does not mean that he has come to terms with Wall Street. He still does not care for their methods. He feels that auctions (of stations) destroy the confidence between seller and buyer. He also questions whether the auction process really lets the highest bidder buy the station. Stark feels the broadcast license is a public trust and that Wall Street is not fair with regard to that trust.

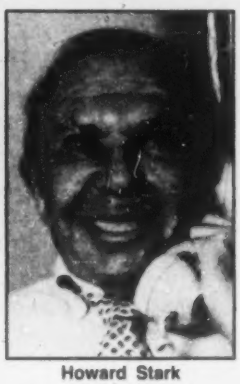
Stark also has said that the financial people "don't care about broadcasting." He does not want to sell to someone who is buying, only to keep the station for a short time and then sell for a profit.

Wall Street aside, Stark is also outspoken about FCC rulings. When the 12-12-12 ownership cap rule went into effect, Stark took on more business. However, he was not as happy with the removal of the three-year rule. That, says Stark, hurt selling for radio because of the influx of non-radio people who got into the medium.

Stark is optimistic about this year and the years to come. Stark says reduced interest rates and reduced programing costs will allow the market to expand.

MVP's Brian Cobb

William Schutz



Howard Stark

## Gary Stevens & Co.

Gary Stevens has done it all in broadcasting and now does it all in brokering. While some brokers have backgrounds in station management, law or finance, Stevens combines all of the above and is one of the more successful brokers. He also does it alone. Stevens started Gary Stevens & Co. just under two years ago. He began in radio as an air personality with WFUN(AM) Miami in 1960 when he was 20. He went from Miami to St. Louis to Detroit before settling in at WMCA(AM) New York in 1964. In 1968 he left broadcasting to go to Switzerland as managing director of Interprogram Film Sales. He returned in 1970 and became general manger of KRIZ(AM) Phoenix, staying there until 1974. For the next three years Stevens was vice president and general manager of KDWB-AM-FM Minneapolis. In 1977 he joined group owner Doubleday Broadcasting as senior vice president, and a year later he was president.

In 1985 Stevens left Doubleday for Wertheim Schroeder & Co. and the brokering business. Virtually on his own there as a broker, Stevens handled approximately $600 million in sales in his first two years there. There has been no dropoff for Stevens since going out on his own. Sales since July 1988 include the $95 million deal for KJOI(FM) Los Angeles and KHOW(AM)-KSYY(FM) Denver and the $56 million sale of KIQQ(FM) Los Angeles. From July of last year through June of this year Stevens has about $253 million in sales that have closed or will close shortly.

Stevens looks to do six to eight deals a year that are no less than $8 million or $10 million and says his experience with Doubleday is one of the main reasons for his success. Stevens says he likes to sell radio stations only to radio people. He says he finds that big companies that can afford radio stations but are not in the broadcasting business tend to go away because "they cannot get comfortable with a business that has such a high intangible" value placed on station management. One reason Stevens prefers radio people is he feels a premium price is impossible to get from a non-broadcaster. "That extra million dollars," says Stevens, "is almost impossible to justify to somebody who does not understand the dynamics of the business ... how you can take the same product and make more money in a short period of time."

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## Radio-TV tally after 6 months: $1.28 billion

At the halfway point in 1989, there have been radio and TV station sales totaling $1.28 billion, up $233.9 million, or nearly 22%, over 1988's mid-year total of $1.05 billion. Among the five separate groups that BROADCASTING tracks in "For the Record" and "Changing Hands," standalone AM stations were the most active commodity (see chart, page 38). By the end of June last year, there had been 27 individual AM station sales. This year, the six-month tally was 78 separate sales. As might be expected, the dollar volume in this category more than tripled, climbing from 1988's $23.2 million to this year's $74.3 million.

Another category that witnessed extraordinary dollar volume increases was individual TV station sales. Here, 22 sales during the first half of 1989 pulled in $646.8 million. By June of last year, 13 sales had accounted for $187.9 million.

Part of the reason for these sizable increases was the hefty asking prices for key stations in each category, such as this year's $23 million sale of WUKQ(AM) New York. WKAQ-TV San Juan, P.R. accounted for nearly one-quarter of the six-month total, going for $160 million. WSMV(TV) Nashville, sold for $125 million—another contributing factor to the expanded dollar volume in TV sales.

For two of the remaining three sales groups, standalone FM's and AM-FM combos, dollar volumes were somewhat more in line. Forty-five FM sales in 1988 grew to 55 sales in 1989, but dropped from a total of $207.7 million in 1988 to $154.6 million this year. AM-FM combos grew from 54 sales to 58 in 1989 and went from $157.3 million to $246.4 million.

The last category, group sales, which are typically sales of three or more stations, but can also include the less-frequent sale of two AM's or FM's, dropped off to five transactions for this year from last year's eight. The dollar figure for group sales was down significantly, from $471.2 million to $159.2 million.

Cable's sales-to-date dwarf the six-month tally for radio and TV. So far, cable has posted about $5 billion; that works out to $833 million per month.

Most brokers anticipate continued growth in sales. For the most part, they say, prices are fair and will continue to grow in the top 30 markets. Glenn Serafin of Communications Equity Associates said the year started out slowly, but recently, lowered interest rates have led to increased trading.

Although the current prime rate of 10.5% is the same as it was in January, that does not mean that rates have been stable. In February the prime jumped a point to 11.5%. From March through May it remained at 11% but was still in a climbing mode. In May it again hit 11.5%.

According to Susan Ness, vice president, Communications Industries Group, American Security Bank, Washington, the rates climbed rapidly since April, 1988, when it was 8.5%. Even if rates don't go up, as was the case for March through May, according to Ness, people expect rates to rise, making everyone more cautious.

The 3% jump in less than a year comes after three years of rates around 7.5%, an all-time low. According to Ness, the low rates, combined with a healthy economy, produced double-digit growth, which in turn helped the seller, buyer and lender. Ness speculated that there may be a modest drop in interest rates, but nothing more substantial than half a point for the remainder of the year.

The higher interest rates, according to Cecil Richards, head of Cecil L. Richards Inc., hurt the lenders and, subsequently, the buyers. Higher rates hurt buyers because financing becomes harder to get. The seller is also hurt because there are fewer buyers who can pay the seller's price. The lender is hurt because higher rates mean more restrictive loans and more selective buyers.

Gary Stevens of Gary Stevens & Co. says today's station trading is divided between the top-25 stations and everything else. The top-25, according to Stevens, is a seller's market. Below the top-25, Stevens says, is a buyer's market because it's difficult to arrange deals at high multiples for smaller market stations unless they have a lot of cash flow. Stevens explains: "There is so little inventory avilable for purchase that has cash flow, that when those kinds of deals come up there is incredibly intense pressure from all these buyers to come in and do the deal." With regards to the smaller market buyers, Stevens explains that "the big company is not interested in the market and the small company can't afford it." Stevens says that this year should see a trading volume in the low $2 billions and constant action in the $5-mil-

July, 1989

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lion to $10-million range.

Dick Blackburn of Blackburn & Co. agrees with the two-tier marketplace. Prices in the second tier, says Blackburn, have softened. Blackburn thinks that for now, stations in the second tier will remain firm, but in order to catch up to the first tier, prices will go up again.

Although brokers are optimistic about station trading this year, they are not as optimistic about the plight of AM radio in general and standalone AM's in particular. Some brokers will not even try to sell a standalone AM. Opinions vary on what AM's main problems are, but most agree that technology and programing are the two factors that hurt AM the most. Gary Stevens describes AM as a "1920's" technology. "You have several generations now that have been raised on high-quality musical reproduction" and because of that, "AM radio really no longer serves the purpose that it set out to serve years ago," explains Stevens. Blackburn says that something dramatic will have to happen with AM to reverse the trend. Blackburn, too, feels that there are too many signals in an AM marketplace that cannot compete. And, adds Blackburn, when an AM does find good programing and starts to get listeners, an FM will come along, copy the successful format and take the AM's audience. However, people with FM's will buy AM's as insurance, says Stevens.

Broker Frank Kalil is a little more optimistic about AM. However, he too cites the technical differences between AM's in the same market as one of the causes of AM's problems. But Kalil says that "somebody will do something and AM will come back." Stan Raymond of Atlanta-based Stan Raymond & Associates also says that AM is "far from dead." Creative programing, according to Raymond, is what AM needs. Raymond cites the Financial News Network and business news as good programing for AM's. "If you have your niche," says Raymond, "you will do well." Ethnic programing, says Stevens, can also be successful on AM if there is a market for it. **–JF, ATS**

# Bankers/brokers: the other side of the business

**Many investment banks are getting into broadcast and cable brokering as credit, interest rates improve**

Investment bankers who work in media brokerage are optimistic that cheaper financing and a lower capital gains rate will lead into a busy fall season of station and cable trading.

The bullish outlook on communications trading and financing is causing several bankers to add personnel to their communications and media groups. The media mergers and acquisitions (M&A) business is going to be "terrific," said Michael Connelly, a director at First Boston Corp. "We would not be adding additional people to our group if we didn't think there would be a strong second half and beyond."

The positive outlook for the rest of the year comes from a number of areas. One boost to cable in particular, the busiest of the Fifth Estate sectors, is the industry's improving image in the credit marketplace. In one indication of higher regard for cable debt, Standard and Poor's said several weeks ago that it was investigating raising the debt ratings of six major cable operators. "Cable television, relative to other rated industries, is now viewed as having a better-than-average industry risk," according to S&P. "The listings reflect S&P's increased confidence in cable television's business fundamentals and growth prospects, despite the spectre of legal and competitive challenges facing the industry."

General interest rate trends will also spur deals, investment bankers said. After an apparent peak earlier this year, the prime rate seems on its way down. Last week, most major banks cut the prime to 10.5%. In another credit arena, seven-year Treasury bonds were trading last week at yields of 7.53%, down from 7.9% about a week earlier and 9.25% about three months ago. Assuming that a cable company can get a fixed-rate insurance company loan at a rate calculated from Treasury yields, the drop in Treasury yields makes "a huge difference in terms of a company's ability and interest in going out and doing something," according to Edward F. Dugan, managing director of PaineWebber Inc.

Long-term interest rates are also a function of appetite in the the junk market, said Lazard Freres & Co. general partner Steven

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Rattner. Spreads between current-pay bonds and zero-coupon, or deferred-pay bonds, have widened, he said. While it is "as easy as it's ever been" for major cable operators to obtain subordinated debt financing, he said, "It's more difficult for a small, private broadcaster to get $40 million in zeros. That would be very difficult today." Connelly agreed: "The market has shown trouble digesting zeros."

Some investment bankers are also looking for possible reduction of the capital gains tax rate, last week being discussed in Congress, to have an effect on brokerage activity. "It's at a point where some decision is going to be made on it in the next couple of weeks," he said, adding: "We've encouraged some people to seriously think about selling assets if the gains is lowered."

The communications group revenues that bankers attribute to brokerage, rather than financing, vary by bank. Charles Cory, head of Morgan Stanley's communications group, attributed 60% of the group's recent revenues to sales; Dugan said that PaineWebber's media group earned half of this year's revenues from mergers and acquisitions and merchant banking transactions. Nancy Peretsman, head of Salomon Brothers' media group, estimated that less than 10% of the group's revenues comes from straightforward brokerage. Much of what Salomon does is a "sort of brokerage," Peretsman said—not an outright sale, but a refinancing that enables owners to take some money out of their property often by selling minority equity shares. The balance of business between brokerage and financing goes in cycles, said one industry participant. "We're at the mercy of market conditions," said Paul Taubman of Morgan Stanley.

The outlook for television station brokerage, the slowest part of Fifth Estate M&A business, has an uncertain future. Peretsman said that improving financial results at TV stations would soon make more "justifiable" the prices sellers sought for their stations. Connelly said that an increasing discernment among lenders for broadcasting deals would not necessarily lead to fewer broadcasting deals in the future, but to deals both financed and priced less aggressively.

PaineWebber's Edward Dugan

The outlook is mixed on the fate of bankers working with brokers to sell properties. No clear pattern emerges among bankers as to when working with brokers to sell a property is useful or whether the number of banker/broker sales will increase or decrease. Brokers being involved with bankers is "largely the whim of the client," Rattner said.

Cory of Morgan Stanley, which has worked with Daniels & Associates on two deals this year—including the sale of Centel Television Co. and Telecable (later withdrawn from the market)—said it was preferable for advisers to work alone, although he respected the personnel at Daniels. "Any adviser prefers an exclusive arrangement with a client. It simplifies...the lines of communication," he said. Cory said lower fees weren't the issue, and that his group didn't necessarily get them from the marketplace. If companies want two advisers, they ought to expect to pay for two, he said.

Cory said that Daniels was brought into the Telecable transaction because as the sale process progressed, American Television & Communications and Warner Communications were seen as possible buyers, but Morgan Stanley was advising Paramount on its hostile takeover bid for Time. "Telecable wanted to make sure they could have an adviser who would speak to ATC and Warner without an emotional charge in the air," Cory said.

Some brokers also have second thoughts about using an auction to sell properties, partially because of the mixed results these have had in the marketplace. Following auctions run by investment banks, Midwest Communications (including WCCO-TV Minneapolis), Telecable and Jack Kent Cooke's cable properties were pulled off the market. (Cooke's properties were later sold to a consortium that bid for the whole property, rather than the separate pieces that were up for sale.) For an auction to succeed, according to Rattner, the business for sale must be easily understandable in terms of valuation, must have a good operating record, and should be likely to appeal to a large number of buyers. In recent auctions, Rattner said, "The third principle is particularly violated."

According to Dick Blackburn, president of Blackburn & Co., the auction process leaves station people "dangling in the wind" in the hopes that it will produce top dollars. Broker Howard Stark, who only handles large TV deals, also dislikes the auction process because it destroys confidentiality. Stark also questions whether the highest bidder does always get the station. Usually, Wall Street investors like Morgan Stanley, says broker Gary Stevens, enter into a deal if it is over $50 million. Anything under that, says Stevens, costs Wall Street too much because of overhead. Blackburn feels many buyers have been turned off by the auction process.

As for prices, on the one hand, bankers say some properties are so large that the universe of buyers shrinks dramatically. On the other hand, for an auction to succeed, said Douglas Dunnan of Salomon, the property should be large enough so that neighboring buyers do not have a particular advantage. Further complicating matters in the WCCO-TV and Telecable sales was that sellers were selling stock in their property and not assets. The reaction of many potential buyers to hearing about stock deals is "I'm not interested," according to Dugan.

Connelly of First Boston, which sold the *New York Times* cable properties, said the auction process has worked "in extremely hot markets," but that many people feel "abused" in the auction process. He said that in cable, there are fewer first-time buyers looking at big auction deals. The buyers in these situations are better known to people in the sales process, and they are not willing to accept information on the basis of books sent out by investment houses.

Meanwhile, Cory defended the auction process as "a very powerful way to extract the highest economic values from the marketplace." After sellers have determined on what basis they are selling property, such as whether a sale is for assets or for stock, "the marketplace is smart enough and efficient enough...[to] make a valuation on that set of facts," Cory said. –GM

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# The cable connection: Sales remain strong

**Cable brokers see solid finish to year that has already seen close toi $5 billion in sales**

Cable system trading activity, already approaching $5 billion in 1989, is expected to stay strong through the rest of the year, according to brokers interviewed by BROADCASTING. The same factors that made 1988 such a strong year continue to fuel sales this year, brokers report.

Phil Hogue, president of Daniels & Associates, said: "If you look at the top 100 [MSO's], you can speculate on a number that might be lured into the market because of the high prices being paid." Added Andy Armstrong, senior vice president at Waller Capital: "A lot of people are sitting on the fence. You're going to see a lot more deals" in the fourth quarter.

Part of that, said Armstrong, is the belief that "we may see personal tax rates going up," adding pressure for deals to close by year's end. Armstrong believes the primary activity will be from small and mid-sized companies spinning off systems that don't fit their business plans, or getting completely out of the business.

Hogue said Daniels has already closed 29 cable deals, has arranged financing for seven more, and has another 61 system deals and 14 financing transactions in the pipeline. Led by its participation in the Cooke and Centel deals, the company stands to have a $4 billion year (roughly $1 billion in financing with Salomon Brothers and $3 billion in system sales), which would have been higher had TeleCable decided to go through with its sale. Part of that growth, Hogue said, is related to Daniels's regionalization of its offices, which is bringing in a wide range of deals from all points across the U.S. "In terms of volume it's going to be a record-breaker," said Hogue.

"All of the conditions that make for strong cable prices continue to exist," said Hogue. "Lenders are aggressively trying to build portfolios, and the number of buyers continues to be strong."

Hogue said "prices are holding steady" and "remain strong for quality systems," although some buyers "are somewhat more discerning." Waller's Armstrong agreed. "We haven't seen the upward momentum we saw last year," said Armstrong, yet prices remain in the same ballpark "and that's a real positive, in the face of tougher issues that could cloud the financial market's impression of what's going on in the cable industry with reregulation or telcos," he added.

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Don Russell, president of Communications Equity Associates Inc., sees the market as strong, "particularly for good systems," those with "good real estate growth, reasonably modern plant, good revenue per subscriber and anticipation of improvement in all of those areas." As an example, Russell said CEA is working on a

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Colonial Cable system deal near Boston that will bring in the neighborhood of $3,000 per subscriber.

Some in the cable industry believe the telco threat has been blunted, for now. Russell sees it "as much less of an issue right now," adding that "people are making sure they have the proper amount of capital expenditures in their budget" to keep their plant modern. Still, said Armstrong, "There are still some financial institutions that are taking a wait-and-see attitude." They "want to see where some of these [congressional] bills are headed," said Armstrong. To the outside world, he said, "rates are the most prominent issue." And analysts "are very sensitive to it."

That concern is causing operators to be more wary of certain deals, said Armstrong. "The operators are getting smarter now and really figuring out how to show better numbers other than just a basic rate increase" to pay for systems, he said. "Operators are sensitive to deals that are a one-way play, which is rates only."

The go-slow approach on rate increases, said Hogue, puts the focus "on better operator performance and the generation of other sources of revenue." He added that "the financial players are also being more careful in assessing the credibility of projections and the sources of increased revenue." But, he said, "the enthusiasm of the financial markets for cable hasn't diminished at all."

CEA's Russell said the gap between system prices is probably "widening a bit. The marketplace for a while had not really recognized the differences that exist between properties," he said.

For a broker, that increased scrutiny can make the mature market system with high penetration and little growth prospects "a tougher deal to sell than a year ago," Armstrong said. "A lot of people are backing away from them." Russell added that the financial players "find it a little more difficult to raise money now," particularly since debt service can't be paid back by basic rate increases alone.

There has also been a lowering of expectations on the equity side, Armstrong said. "We're seeing the equity side willing to accept generally a lower [percentage] rate of return," he said, in the low to mid-20's, versus mid-20's to low 30's a year or so ago.

The decision by TeleCable to take its systems off the block, Hogue feels, "is not going to have much of an impact on anybody else's decision-making." Daniels and Morgan Stanley were brokering the TeleCable properties, and Hogue said Daniels was "disappointed" with the no-sale decision because "it was the best collection of properties we've seen." At the same time, he does not disagree with the principal reasons for TeleCable's decision—that reregulation would automatically hurt the asset values of cable systems and that mid-size companies cannot survive in the cable business. "Properties like theirs have a growth expectation of 5% to 6% annually," Hogue said. Additionally, tax complications in the deal would have negatively affected the net gain for TeleCable.

For the moment, the degree of telco interest in cable awaits a ruling by Judge Harold Greene on Pactel's waiver request to buy the Group W system in Chicago, a deal in which Daniels represented the BOC. Pactel, which has been the most aggressive pursuer, is "going to stand pat until that's decided," said Hogue.

Some states with active regulatory bodies are causing problems for the cable industry, which is affecting system sales. "People are very wary of doing deals in those states," said Armstrong, who cited New York, Connecticut, Vermont and Minnesota. New York's state cable commission effectively nixed the sale of First Carolina systems to Cencom (brokered by Waller), expressing concern on the effect on rates of yet another sale of that system. And Jones Intercable withdrew an offer for a neighboring Acton system in Maryland. The two companies were engaged in some overbuilding, which drew some questions from the FTC. The delays caused by that action served to nix that deal also.

Several cable deals in 1989 utilized the minority tax certificate, and Armstrong said use of that vehicle "is much more prevalent today than it was a year ago." He said that "more people have it as a tool to go into a bidding situation," although "in a couple of deals it was almost a requirement." In some cases, he said, "it becomes just another sweetener."

Likewise, there has been an increase in cable companies banding together to buy properties, as in the Cooke and Telecable cases. Their popularity stems from the participants' belief that "they can control more of the terms and conditions" as a group, said Armstrong. It also allows large companies, like TCI, to continue to grow without taking a high profile. Still, said Armstrong, "they are real tough to put together."

Russell said as long as the tax laws stay

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the same, consortiums will come together to buy systems. "The necessity is caused by the inability of the sellers to sell assets, mostly, and [thus] the need to sell stock," he said. Tax complications force buyers to keep properties together, even though they may individually be interested in only those systems closest to their own.

Both Russell, who did the Times Mirror-Cablevision Systems swap, and Armstrong believe there will be more swapping of systems. But, said Russell, "they are extremely difficult and time-consuming to do." Added Armstrong: "The problem is everybody thinks their property is better than the next guys. Parties have to keep a big picture outlook on it" and not get mired in details like "my converters are worth $10 more apiece more than yours." Armstrong continued, "We've been down the path on swaps and they get into the minutiae and it dies."

The FTC is also emerging as another possible impediment to swaps. "Part of it is going to depend on how active the FTC gets," said Russell, an agency that "seems to be more active since President Bush took over."

Russell gave an indication of the answer to the perennial question: How high is up? CEA was involved in Prime Cable's buy of the Anchorage cable system for upwards of $4,000 per subscriber. Five years ago, the system brought around $2,000, an unheard of price at the time. The recent deal was based on a similar cash-flow projection. "I see it as a foreshadowing of what the rest of the country is going to be like in another five years," said Russell, of Prime's $143 million, 37,000-subscriber purchase. —MS

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## *The book on brokers*

Following is an alphabetical list of brokerage firms showing each company's address, phone number, personnel, branch offices and services offered.

**American Radio Brokers Inc./SFO.** 1255 Post St., Suite 625, San Francisco 94109 (415) 441-3377. Chester P. Coleman, pres.; Donald Dong, broker; Kathleen O'Donnell, off. mgr.; Richard Haskey, tech. consultant; Warren Earl, management & promotional consultant. Full service brokerage of Pacific and western states radio & TV stns., management consultants, bankruptcy proceedings & valuations.

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*Continues on page 84.*

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cials. Segments will range from 15 seconds to several minutes, and will focus on the major events of the day as well as singling out one story for a more in-depth examination. One such story being worked on, said Amos, is the idea that students can change the world, looked at in light of recent events in China.

The final segment of each show will deal with the subjects of business, government, sociology, geography and science, in an attempt to "take classroom subjects and look at them in the real world environment," Amos said. Planned segment subjects include life in Cairo and the Voyager mission.

*Newsroom* will also be available on an international feed, Amos said, and discussions are being held to add closed captions for the benefit of foreign students in the U.S. "TV has not played a very active role in the classroom," Amos said, "but coping in today's world necessitates understanding it."

Amos said he had no figures on how many schools would be wired at launch. **–RG.**

## Westin making moves at King World

**Now in charge of reality shows, former ABC News VP is redoing 'Inside Edition,' developing new program, '30 Minutes'**

Look for major changes in King World Productions' seven-month-old tabloid program *Inside Edition*, now that former ABC News Vice President Av Westin is on board as senior vice president in charge of reality programing at KWP. In addition to overhauling *Inside Edition*, Westin will develop a companion program for the 1990-91 syndication season, which has the working title, *30 Minutes*.

In an interview last week with BROADCASTING, Westin said among the changes in store at *Inside Edition* will be to set up a new investigative unit designed to "dig up stories that affect people." Westin said he will guide the program "away from the kind of prurient, salacious dominance that seems to be the hallmark of so-called 'trash television.'"

The program will retain its tabloid outlook, however. "Tabloid is another way of saying, highly popular, fast-paced, full of emotion. All of that is fine, that is what television is all about," said Westin.

The program has struggled in the ratings, and the show has been downgraded from good time periods by key stations, including WNBC-TV New York, which now airs the show at 2 a.m. and has not renewed it for fall. But during the May sweeps, the program did grow, by an average two share points, and climbed from 13th to 10th place among all syndicated programs between February and May.

Westin said he had three different concepts for the companion first-run strip, *30 Minutes*, which he will present to his bosses in the next few weeks. But in general terms, he said, the program will be similar to *20/20*, the ABC News prime time magazine on which he was executive producer for nine years. "I think there will be some parallels," he said. "After piloting a program like that for nine years, and doing just about every kind of show, you get a great sense of what works."

Westin, a 20-year ABC News veteran, who before that was with CBS News almost as long, has signed a three-year contract with King World Productions. In May, his contract with ABC News expired, and the veteran news producer said at that time he would leave the network to form his own production company. King World, however, was among several companies, including Disney and Warner Bros., that approached Westin with job offers or production opportunities.

A number of observers felt Westin's departure from ABC News was a foregone conclusion, in light of his falling-out with ABC News President Roone Arledge two years ago and the subsequent downgrading of Westin's responsibilities. But last week, Arledge went out of his way to downplay that falling-out, and wished Westin the best.

In a statement phoned to reporters last week, Arledge said Westin has been "an important and creative contributor to what we have accomplished at ABC News.... Many have chosen to focus on the differences that Av and I have had. That is unfortunate. Those differences were put behind us long ago. We wish him the very best and hope to have an opportunity to work with him again in the future." **–SM**

## NBC takes week 45 with 10.8/21; CBS takes news

| Nielsen | | Net | | |
|---|---|---|---|---|
| 1 | 17.5/32 | N | Cheers |
| 2 | 17.4/30 | A | Roseanne |
| 3 | 16.2/33 | N | Cosby Show |
| 4 | 16.0/30 | N | Different World |
| 5 | 15.8/28 | N | Dear John |
| 6 | 15.4/33 | C | 60 Minutes |
| 7 | 15.4/32 | N | Golden Girls |
| 8 | 14.6/28 | C | Murder, She Wrote |
| 9 | 14.5/26 | A | Wonder Years |
| 10 | 14.3/29 | N | 13 East Preview |
| 11 | 14.1/24 | C | Designing Women |
| 12 | 13.9/27 | A | Who's the Boss? |
| 13 | 13.6/26 | N | L.A. Law |
| 14 | 13.5/24 | N | Night Court |
| 15 | 12.9/24 | N | Matlock |
| 16 | 12.8/23 | C | Newhart |
| 17 | 12.7/21 | A | Coach |
| 18 | 12.5/25 | A | Growing Pains |
| 19 | 12.2/22 | C | Murphy Brown |
| 20 | 11.9/21 | N | NBC Monday Movie |
| 21 | 11.9/23 | N | Unsolved Mysteries |
| 22 | 11.8/22 | A | Just the Ten of Us |
| 23 | 11.8/24 | A | Mr. Belvedere |
| 24 | 11.8/20 | N | In the Heat of the Night |
| 25 | 11.6/25 | N | Hunter |
| 26 | 11.6/21 | N | Midnight Caller |
| 27 | 11.4/25 | A | Full House |
| 28 | 11.4/23 | A | 20/20 |
| 29 | 11.2/20 | F | Married...With Children |
| 30 | 11.0/21 | C | Doctor, Doctor |
| 31 | 10.8/22 | N | ALF |
| 32 | 10.7/20 | N | Hogan Family |
| 33 | 10.6/19 | C | Miss Teen USA |
| 34 | 10.5/19 | A | ABC Sunday Movie |
| 35 | 10.5/21 | F | America's Most Wanted |
| 36 | 10.2/23 | N | Amen |
| 37 | 10.1/18 | N | Knight and Daye |
| 38 | 10.0/18 | N | NBC Sunday Movie |
| 39 | 9.8/22 | A | Perfect Strangers |
| 40 | 9.8/18 | F | Totally Hidden Video |
| 41 | 9.6/19 | A | Somerset Gardens |
| 42 | 9.5/18 | A | MacGyver |
| 43 | 9.5/18 | C | Jake and the Fatman |
| 44 | 9.2/17 | C | CBS Sunday Movie |
| 45 | 8.7/19 | C | West 57th |
| 46 | 8.6/16 | C | Heartland |
| 47 | 8.5/17 | C | 48 Hours |
| 48 | 8.4/17 | C | Kate and Allie |
| 49 | 8.4/19 | N | My Two Dads |
| 50 | 8.3/16 | A | China Beach |
| 51 | 8.1/16 | C | Equalizer |
| 52 | 8.0/14 | A | thirtysomething |
| 53 | 7.9/14 | A | ABC Monday Movie |
| 54 | 7.9/15 | C | Wiseguy |
| 55 | 7.8/15 | N | Miami Vice |
| 56 | 7.7/15 | N | Family Ties |
| 57 | 7.4/16 | A | ABC Saturday Movie |
| 58 | 7.2/13 | A | Robert Guillaume Show |
| 59 | 7.1/13 | A | Hooperman |
| 60 | 7.1/16 | N | Highway to Heaven |
| 61 | 6.9/13 | C | Cavanaughs |
| 62 | 6.8/14 | N | NBC Friday Movie |
| 63 | 6.5/12 | F | Tracey Ullman Show |
| 64 | 6.2/11 | C | Coming of Age |
| 65 | 6.1/13 | C | CBS Friday Movie |
| 66 | 6.0/13 | A | Man Called Hawk, special |
| 67 | 5.9/13 | C | Paradise |
| 68 | 5.8/11 | A | ABC Thursday Night Baseball |
| 69 | 5.8/12 | F | 21 Jump Street |
| 70 | 5.7/12 | C | Tour of Duty |
| 71 | 4.9/11 | F | Cops |
| 72 | 4.6/10 | N | Jim Henson Hour |
| 73 | 4.5/9 | A | Mick and Frankie |
| 74 | 4.5/9 | F | Garry Shandling 25th Anniversary |
| 75 | 4.3/9 | A | Trans-Antartica Expedition |
| 76 | 4.2/8 | C | CBS Summer Playhouse |
| 77 | 3.2/7 | F | Reporters |
| 78 | 2.3/5 | F | Beyond Tomorrow |

### Syndication * Scorecard

(Week ending July 23)

| Rtg. | | Stns. | Covg. |
|---|---|---|---|
| 1 | 12.0 Wheel of Fortune, synd | 227 | 99 |
| 2 | 11.0 Jeopardy! | 241 | 99 |
| 3 | 9.4 Star Trek | 231 | 97 |
| 4 | 8.6 Cosby Show | 198 | 98 |
| 5 | 8.5 Oprah Winfrey Show | 212 | 99 |
| 6 | 8.3 Wheel of Fortune, wknd | 212 | 93 |
| 7 | 6.7 Current Affair | 148 | 91 |
| 8 | 6.4 Entertainment Tonight | 170 | 94 |
| 9 | 6.0 Donahue | 228 | 99 |
| 10 | 6.0 Geraldo | 202 | 99 |
| 11 | 5.7 Star Search | 148 | 95 |
| 12 | 5.5 Mama's Family, synd | 188 | 92 |
| 13 | 5.5 People's Court | 187 | 93 |
| 14 | 5.1 Final Report, special | 121 | 88 |
| 15 | 4.9 Orion Galaxy Network | 132 | 89 |

The following programs are included, but not ranked:

| | | | |
|---|---|---|---|
| | 9.8 World Wrestling Fed | 250 | 96 |

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# B R O K E R S

*Continued from page 82*

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# For the Record

As compiled by BROADCASTING from July 27 through Aug. 2 and based on filings, authorizations and other FCC actions.

Abbreviations: AFC—Antenna For Communications. ALJ—Administrative Law Judge. alt—alternate. ann—announced. ant—antenna. aur—aural. aux—auxiliary. ch—channel. CH—critical hours. chg—change. CP—construction permit. D—day. DA—directional antenna. Doc—Docket. ERP—effective radiated power. Freq—frequency. HAAT—height above average terrain. H&V—horizontal and vertical. khz—kilohertz. kw—kilowatts. lic—license. m—meters. mhz—megahertz. mi—miles. MP—modification permit. mod—modification. N—night. pet. for recon.—petition for reconsideration. PSA—presunrise service authority. pwr—power. RC—Remote control. S-A—Scientific-Atlanta. SH—specified hours. SL—studio location. TL—transmitter location. trans.—transmitter. TPO—transmitter power output. U—or unl.—unlimited hours. vis.—visual. w—watts. *—noncommercial. Six groups of numbers at end of facilities changes items refer to map coordinates. One meter equals 3.28 feet.

## Ownership Changes

### Applications

■ KFRE(AM)-KNAX-FM Fresno, CA (AM: BAL890719EA, 940 khz, 50 kw-U; FM: BALH890719EB, 97.9 mhz, 48 kw, ant. 290 ft.)—Seeks assignment of license from Fresno Radio Associates to EBE Communications Ltd. Assignment includes KNAX-FM Fresno, CA. Termination agreement provides that F/S Fresno, 50% joint venture in Fresno Radio Associates, will cancel its interest in joint venture in consideration of cash payment of $200, repayment of amounts owed to F/S Fresno by Fresno Radio Associates and cancellation of various agreements of parties. Simultaneous with consummation of F/S Fresno's withdrawal from Fresno Radio Associates, Fresno Radio Associates will assign licenses of KFRE(AM) AND KNAX(FM) Fresno, CA, and associated auxiliary licenses to EBE Communication LP. There is no written agreement setting forth terms of this assignment. It is essentially structure reorganization, analogous to merger, whereby assets and licenses of Fresno Radio Associates will be contributed to EBE Communications LP by Chester Radio Associates, LP, sole remaining venturer of Fresno Radio Associates following withdrawal of F/S Fresno Inc., in return for limited partnership interest in EBE LP equal to appraised fair market value of assets contributed after payment of liabilities, or $1,407,859. EBE Communications Ltd. ("EBE") is licensee of WZKG(AM)-WXTC-FM Charleston, SC, and proposed assignee of stations WQMX-AM-FM Winston Salem, NC. Commission granted consent to assignment of WMQX-AM-FM to Ralph C. Guild on June 9, 1989. Filed July 19.

■ KHJJ(AM)-KKZZ-FM Lancaster, CA (AM: BAL890718ED, 1380 khz, 1 kw-D; FM: BALH890718EE, 106.3 mhz, 3 kw, ant. 210 ft.)—Seeks assignment of license from Valley Wide Broadcasting Inc. to Eric Chandler Ltd. Inc. for $3,000,000 ("In Brief," June 26). Seller is controlled by Laurence and Judith Rutter (husband and wife) and George Schrader, and they have interest in KDHI(AM)-KQYN(FM) Twentynine Palms and KNGT(FM) Jackson, all California. Buyer is owned by Robert Geddes and Thomas Miserendino. They are licensees of KCBA-AM-FM San Diego, CA. Filed July 18.

■ KQLH(FM) San Bernardino, CA (BALH890718GW, 95.1 mhz, 50 kw, ant. 3,200 ft.)—Seeks assignment of license from Major Market Stations debtor in possession to Keymarket of California Inc. for $7,700,000. Seller is headed by William Roberts, who also heads KWRM(AM) Corona, CA. Buyer is owned by Kerby Confer. Confer also owns WTCB-FM Orangeburg, SC; WNNK(FM) Harrisburg, PA; WEZC-FM Hickory, NC; WYOM-AM-FM Memphis, TN; and WYOM(AM)-WKRZ-FM Wilkes Barre, PA. Filed July 18.

■ KQIL(AM) Grand Junction, CO (AM: BAL890719EC, 1370 khz, 1 kw-U; FM: BALH890719ED, 93.1 mhz, 26.3 kw, ant. 1,027 ft.)—Seeks assignment of license from Mesa Broadcasting Co. to Airwaves Communications Inc. for $1,360,000 ("Changing Hands," July 24). Seller is owned by John Hough, who also owns KKAZ(FM) Cheyenne and KUUY(AM) Orchard Valley, both Wyoming. Buyer is owned by Marshall E. Harris, who owns 54% of Good Neighbor Broadcasting Inc., which is licensee of WAGI(AM) Menominee, MI, and applicant for FM station at Peshtago, WI, on channel 241A, 96.1 mhz. Filed July 19.

■ KURA(FM) Ouray, CO (BALH890719GZ, 104.9 mhz, 3 kw, ant. 848 ft.)—Seeks assignment of license from The 29th Broadcasting Co. to Timothy C. Cutforth and Virginia K. Cutforth for no financial consideration. Seller is headed by John and Debra Verstraete. Buyers have no other broadcast interests. Filed July 19.

■ WZEP(AM) Defuniak Springs, FL (BAL890719EG, 1460 khz, 5KW-D)—Seeks assignment of license from Holmes Valley Broadcasting Systems to Wyatt V. Cox for $185,000. Seller is owned by Scott McAda, who has no other broadcast interests. Buyer has no other broadcast interests. Filed July 19.

■ WELE(AM) Ormond Beach, FL (BAL890717EJ, 1380 khz, 5 kw-D, 2.5 watts-N)—Seeks assignment of license from Eugene T. McMahon, receiver to McMahon Broadcasting Inc. for $226,000. McMahon has no other broadcast interests. Filed July 17.

■ WOWW Pensacola, FL (BALH890713GP, 107.3 mhz, 100 kw, ant. 469 ft.)—Seeks assignment of license from Colonial Broadcasting Co. Inc. to Sunmedia Inc. for $5,000,000 ("Changing Hands," July 17). Seller is headed by David Coppock, who also owns two FM's. Buyer is headed by Frank A. Woods and also owns WERC(AM)-WKXX-FM Birmingham, AL; KESY-AM-FM Omaha, NE; KKSS-FM Santa Fe, NM; and KYKX-FM Longview, KEAN-AM-FM Abilene and KKQV-FM Wichita Falls, all Texas. Filed July 13.

■ WTAU-TV Albany, GA (BAPCT890706KE, ch. 19; 5000 kw-V, ant. 1,135 ft.)—Seeks assignment of license from Albany Television Co. to RoPa Communications Inc. for $30,000. Seller is owned by Durie Colman and Bobby Vinson, who have no other broadcast interests. Buyer is owned by Ron Foster, who has no other broadcast interests. Filed July 6.

■ New-FM, Fort Valley, GA (BAPH890718GM, 97.9 mhz, 3 kw, ant. 100 ft.)—Seeks assignment of license from Valmedia Inc. to S&M Broadcasters Inc. for $550,000. Seller is owned by Dollie D. Horton, who has no other broadcast interests. Buyer is headed by Lamar Studstill, Owen L. Studstill, Cole C. Studstill, Melenda M. Studstill and Kimberly B. Studstill. Owen and Melenda Studstill are husband and wife; Cole C. and Kimberly B. Studstill are husband and wife. Owen and Cole C. Studstill are sons of Lamar and Doris Studstill. They have following broadcast interests: Lacom Communications Inc., WXRS-AM-FM Swainsboro, GA; Southwestern Video Inc., WKXK-FM Pana, IL, and WLGC(AM) Menoota, IL. Filed July 18.

■ WXKO-AM Fort Valley, GA (BAL890718EF, 1150 khz, 1 kw-D)—Seeks assignment of license from Valmedia Inc. to S&M Broadcasters Inc. for $550,000. Seller is headed by Dollie D. Horton, who has no other broadcast interests. Buyer is owned by Lamar Studstill, who is also purchasing new FM from Valmedia in Fort Valley, GA (see above). Filed July 18.

■ WWGS(AM)-WSGY(FM) Tifton, GA (AM: BAL890718GN, 1430 khz, 5 kw-D, 1 kw-N; FM: BALH890718GO, 100.3 mhz, 100 kw, ant. 1,100 ft.)—Seeks assignment of license from WWGS-WCUP Partnership to Taylor Broadcasting for $3,000,000 ("Changing Hands," July 17). Seller is headed by Michael Levine, who also owns KCHX-FM Midland, TX, and KWWL-FM Wichita, KS. Buyer is headed by Stephen J. Taylor, who also owns WTLZ(FM) Saginaw, MI. Filed July 18.

■ KMGT(TV) Honolulu, HI (TEMP890717AA, ch. 26;


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